

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

ORIGINAL

In re:)	Chapter 11
Quicksilver Resources Inc., <u>et al.</u> , ¹)	Case No. 15-10585 (LSS)
Debtors.)	Jointly Administered
)	Re: D.I. 636

**ORDER ESTABLISHING BIDDING PROCEDURES RELATING
TO THE SALES OF ALL OR A PORTION OF THE DEBTORS' ASSETS**

Upon consideration of the motion of the debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “Debtors”)² seeking entry of this order (the “Bidding Procedures Order”) (i) approving the proposed auction and bidding procedures attached hereto as Schedule 1 (the “Bidding Procedures”) by which the Debtors will solicit and select the highest or otherwise best offer for the sale of substantially all or a portion of their assets (the “Assets”) through one or more sales of the Assets (each, a “Sale Transaction” or “Sale”); (ii) establishing procedures for the assumption and assignment of executory contracts and unexpired leases, including notice of proposed cure amounts (the “Assumption and Assignment Procedures”); (iii) approving the form and manner of notice of all procedures, protections, schedules, and agreements described in the motion and attached thereto; (iv) scheduling (a) a hearing (the “Stalking Horse Hearing”), on expedited notice, to approve the Debtors’ selection of one or more

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Quicksilver Resources Inc. (“Quicksilver”) [6163]; Barnett Shale Operating LLC [0257]; Cowtown Drilling, Inc. [8899]; Cowtown Gas Processing L.P. [1404]; Cowtown Pipeline Funding, Inc. [9774]; Cowtown Pipeline L.P. [9769]; Cowtown Pipeline Management, Inc. [9771]; Makarios Resources International Holdings LLC [1765]; Makarios Resources International Inc. [7612]; QPP Holdings LLC [0057]; QPP Parent LLC [8748]; Quicksilver Production Partners GP LLC [2701]; Quicksilver Production Partners LP [9129]; and Silver Stream Pipeline Company LLC [9384]. The Debtors’ address is 801 Cherry Street, Suite 3700, Unit 19, Fort Worth, Texas 76102.

² Capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the motion or the Bidding Procedures, as applicable.

stalking horse bidders (each, a "Stalking Horse Bidder"), if any, and the provision of Bid Protections to such Stalking Horse Bidder(s), if necessary; (b) a date for an auction if the Debtors receive two or more timely and acceptable Qualified Bids (the "Auction"); and (c) a final hearing (the "Sale Hearing") to approve one or more Sales of the Assets; and (v) granting related relief, all as more fully described in the motion; and it appearing that the relief requested is in the best interests of the Debtors' estates, their creditors, and other parties-in-interest; and it appearing that this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that the motion is a core proceeding pursuant to 28 U.S.C. § 157; and adequate notice of the motion and opportunity for objection having been given, with no objections having been filed, or all objections having been resolved or overruled, as the case may be; and it appearing that no other notice need be given; and after due deliberation and sufficient cause therefor,

IT IS HEREBY FOUND AND DETERMINED THAT:

I. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). The predicates for the relief granted herein are Bankruptcy Code sections 105, 363, and 365 and Bankruptcy Rules 2002, 6004, and 6006. Venue in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

II. The legal and factual bases set forth in the motion establish just cause for the relief granted herein. Entry of this Bidding Procedures Order is in the best interests of the Debtors and their respective estates, creditors, and all other parties-in-interest.

III. The notice of the motion, the Bidding Procedures Hearing, and the proposed entry of this Bidding Procedures Order was adequate and sufficient under the circumstances of these chapter 11 cases, and such notice complied with all applicable requirements of the Bankruptcy

Code, the Bankruptcy Rules, and the Local Rules. Accordingly, no further notice of the motion, the Bidding Procedures Hearing, or this Bidding Procedures Order is necessary or required.

IV. The Debtors have demonstrated a compelling and sound business justification for the Court to grant the relief requested in the motion, including, without limitation, to (i) approve the Bidding Procedures, including the procedures for selecting one or more Stalking Horse Purchasers; (ii) establish the Assumption and Assignment Procedures, (iii) approve the form and manner of notice of all procedures, protections, schedules, and agreements described in the motion and attached thereto, and (iv) schedule a date for the (a) Stalking Horse Hearing, if necessary; (b) Auction; and (c) Sale Hearing; and (v) grant related relief as set forth herein. Such compelling and sound business justification, which was set forth in the motion and on the record at the Bidding Procedures Hearing, are incorporated herein by reference and, among other things, form the basis for the findings of fact and conclusions of law set forth herein.

V. All objections to the relief requested in the motion that have not been withdrawn, waived, or settled as announced to the Court at the Bidding Procedures Hearing or by stipulation filed with the Court are overruled except as otherwise set forth herein.

VI. The Bidding Procedures, substantially in the form attached hereto as Schedule 1 and incorporated herein by reference as if fully set forth in this Bidding Procedures Order, are fair, reasonable and appropriate and represent the best method for maximizing the value of the Debtors' estates.

VII. The Sale Notice and the Publication Notice, substantially in the forms attached to the motion as Exhibit C and Exhibit D, respectively, and incorporated herein by reference as if fully set forth in this Bidding Procedures Order, are appropriate and reasonably calculated to provide all interested parties with timely and proper notice of the sale of Assets, including the

sale of Assets free and clear of all liens, claims, and encumbrances, the Sale Transaction(s), the Bidding Procedures, the Auction and the Sale Hearing, and no other or further notice is required.

VIII. The Post-Auction Notice, substantially in the form attached to the motion as Exhibit E and incorporated herein by reference as if fully set forth in this Bidding Procedures Order, is appropriate and reasonably calculated to provide all interested parties with timely and proper notice of the Successful Bidder(s), and no other or further notice is required.

IX. The Assumption and Assignment Notice, substantially in the form attached to the motion as Exhibit F and incorporated herein by reference as if fully set forth in this Bidding Procedures Order, is appropriate and reasonably calculated to provide all interested parties with timely and proper notice of the potential assumption and assignment of the Designated Contracts in connection with the sale of the Assets and the related Cure Costs, and no other or further notice is required.

X. The findings of fact and conclusions of law herein constitute the Court's findings of fact and conclusions of law for the purposes of Bankruptcy Rule 7052, made applicable pursuant to Bankruptcy Rule 9014. To the extent any findings of facts are conclusions of law, they are adopted as such. To the extent any conclusions of law are findings of fact, they are adopted as such.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

1. The motion is granted as set forth herein.³

³ Notwithstanding anything to the contrary herein, the consummation of any Sale Transaction(s) is subject to entry of the Sale Order(s).

A. The Timeline for the Sale

2. The Debtors are authorized to proceed with the Sale Transaction(s) in accordance with the Bidding Procedures and are authorized to take any and all actions reasonably necessary or appropriate to implement the Bidding Procedures in accordance with the following timeline:

November 30, 2015 at 5:00 p.m. (prevailing Eastern Time)	Bid Deadline
December 2, 2015 at 4:00 p.m. (prevailing Eastern Time)	Sale Objection Deadline
December 9, 2015 at 10:00 a.m. (prevailing Central Time)	Auction
December 11, 2015 at 12:00 p.m. (prevailing Eastern Time)	Reply Deadline
December 14, 2015 at 10:00 a.m. (prevailing Eastern Time)	Sale Hearing

3. For the avoidance of doubt, the Debtors reserve the right, and are authorized to, modify the above timeline and the Bidding Procedures (the “Modifications”) in accordance with the provisions of the Bidding Procedures; *provided, however*, that the Debtors shall consult with the Consultation Parties or, to the extent provided therein, the Bid Consultation Parties, with respect to any Modifications.

B. The Bidding Procedures

4. The Bidding Procedures are approved in their entirety. The Debtors are authorized to take any and all actions reasonably necessary or appropriate to implement the Bidding Procedures in accordance therewith. The failure to specifically include or reference a particular provision of the Bidding Procedures in this Order shall not diminish or impair the effectiveness of such provision.

5. The Debtors are authorized, in accordance with the Bidding Procedures, to require Diligence Parties to submit written indications of interest specifying, among other things, the Assets proposed to be acquired, the amount and type consideration to be offered, and any other material terms to be included in a bid by such party.

6. The process and requirements associated with submitting a Qualified Bid are approved as fair, reasonable, appropriate and designed to maximize recoveries for the benefit of the Debtors' estates, creditors, and other parties in interest. As further described in the Bidding Procedures, the Bid Deadline shall be November 30, 2015 at 5:00 p.m. (prevailing Eastern Time). Any disputes or objections to the selection of Qualified Bid(s), Successful Bid(s), or Backup Bid(s) (all as defined in the Bidding Procedures) shall be resolved by this Court at the Sale Hearing as set forth herein.

7. The Debtors are authorized to conduct the Auction in accordance with the Bidding Procedures. The Auction shall take place on December 9, 2015 at 10:00 a.m. (prevailing Central Time) at the offices of counsel for the Debtors, Akin Gump Strauss Hauer & Feld LLP, 1700 Pacific Ave., Suite 4100, Dallas, Texas 75201, or at such other place and time as the Debtors shall notify all Qualified Bidders and the Consultation Parties.

8. The Second Lien Parties shall have the right, subject in all respects to the Bankruptcy Code and other applicable law, to credit bid all or any portion of their allowed secured claims pursuant to Bankruptcy Code section 363(k) or other applicable law, in accordance with the applicable provisions of the Second Lien Secured Debt Documents and the Intercreditor Agreement, and any such credit bid shall be deemed a Qualified Bid to the extent it otherwise complies with the requirements set forth in the Bidding Procedures under the heading "Auction Qualification Process," the Intercreditor Agreement, and the Bankruptcy Code;

provided; however, that nothing herein or in the Bidding Procedures shall affect or in any way limit the right or ability of any party in interest, including the Committee, to object to the Second Lien Parties' right to credit bid, including the nature, amount, or scope of such credit bid, subject to the (a) applicable provisions of the Final Order Under 11 U.S.C. §§ 105, 361, 362, 363 and 507, and Bankruptcy Rules 2002, 4001 and 9014 (I) Authorizing Debtors to Use Cash Collateral and (II) Granting Adequate Protection to Prepetition Secured Parties [D.I. 307], including paragraph 22 and the Challenge Period (as defined therein), as the same may be modified in accordance with its terms and (b) Sale Objection Deadline (as defined below).

C. Stalking Horse Bidder, Related Bidding Protections and Purchase Agreement

9. In accordance with the Bidding Procedures, at any time before December 1, 2015, the Debtors may enter into a Stalking Horse Agreement, subject to higher or otherwise better offers at the Auction, with any Stalking Horse Bidder that submits a Qualified Bid acceptable to the Debtors to establish a minimum Qualified Bid at the Auction.

10. The Stalking Horse Agreement may contain certain customary terms and conditions, including expense reimbursement and/or a break-up fee in favor of the Stalking Horse Bidder (the "Bid Protections") in amounts to be determined by the Debtors in accordance with the Bidding Procedures.

11. To the extent the Debtors enter into a Stalking Horse Agreement, the Debtors shall seek expedited approval of their entry into such agreement and any Bid Protections included therein together with the terms and conditions under which such Bid Protections would be payable to the Stalking Horse Bidder, on no less than seven (7) days' notice (the "Stalking Horse Hearing"). The Debtors shall serve notice of the Stalking Horse Agreement and the Stalking Horse Hearing on all parties on the Rule 2002 Notice List, all parties expressing interest in the Assets and all parties holding liens on the Assets (each, a "Stalking Horse Notice").

Notwithstanding anything herein or in the Bidding Procedures to the contrary, all parties in interest shall have the right, at any time before the start of the Stalking Horse Hearing, to object to the designation of a Stalking Horse Bidder, the provision of Bid Protections to such Stalking Horse Bidder and the terms and conditions under which such Bid Protections would be payable to the Stalking Horse Bidder.

12. Each Stalking Horse Notice shall include (i) the identity of the proposed Stalking Horse Bidder, (ii) a summary of the key terms of the Stalking Horse Agreement, (iii) a summary of the type and amount of Bid Protections, if any, proposed to be afforded to the Stalking Horse Bidder, and (iv) a copy of the Stalking Horse Agreement.

D. Notice Procedures

13. The form of Sale Notice substantially in the form attached to the motion as **Exhibit F** is approved.

14. Within seven (7) days after the entry of this Order or as soon as reasonably practicable thereafter, the Debtors shall serve the Sale Notice, the Purchase Agreement, this Order, including the Bidding Procedures by first-class mail, postage prepaid, upon (i) all entities known to have expressed an interest in a transaction with respect to all or part of the Assets within the past two years; (ii) all entities known to have asserted any lien, claim, interest, or encumbrance in or upon any of the Assets; (iii) counsel for the Committee; (iv) counsel for the First Lien Agent; (v) counsel for the Second Lien Agent; (vi) counsel for the Second Lien Indenture Trustee; (vii) counsel for the Ad Hoc Group of Second Lienholders; and (viii) the U.S. Trustee.

15. In addition, within seven (7) days after the entry of this Order or as soon as reasonably practicable thereafter, the Debtors shall serve the Sale Notice by first-class mail, postage prepaid, or, for those parties who have consented to received notice by the Electronic

Case Files ("ECF") system, by ECF, upon (i) all federal, state, and local regulatory or taxing authorities or recording offices which have a reasonably known interest in the relief granted herein; (ii) the United States Attorney's offices for the District of Delaware and the Northern District of Texas; (iii) the SEC; (iv) the Internal Revenue Service; (v) all parties on the Rule 2002 Notice List; (vi) all known creditors of the Debtors; and (vii) all registered holders of equity securities in Quicksilver.

16. Service of the Sale Notice as described above shall be sufficient and proper notice of the Sale Transaction with respect to known interested parties.

17. The Publication Notice, substantially in the form attached to the motion as Exhibit D, is approved. The Debtors are directed to publish the Sale Notice, as modified for publication, in the *New York Times*, the *Ft. Worth Star Telegram*, and *Platts Gas Daily* on one occasion on the Mailing Date or as soon as reasonably practicable thereafter. In addition, the Debtors are authorized, but not directed, to (i) publish the Sale Notice in additional publications as the Debtors deem appropriate and (ii) cause the Sale Notice to be posted on their case information website at <http://cases.gcginc.com/kwk>.

18. Service of the Publication Notice as described above shall be sufficient and proper notice of the Sale Transaction with respect to all unknown parties.

19. The form of the Post-Auction Notice, substantially in the form attached to the motion as Exhibit E is approved. As soon as reasonably practicable after the conclusion of the Auction, the Debtors shall file on the docket, but not serve, the Post-Auction Notice identifying any Successful Bidder(s).

E. Assumption and Assignment Procedures

20. The Assumption and Assignment Procedures, as detailed in the motion and incorporated herein by reference as if fully set forth in this Bidding Procedures Order, are approved.

21. The Notice of Assumption and Assignment, substantially in the form attached to the motion as **Exhibit F** is approved.

22. On or before November 16, 2015 (any such date, the "Assumption and Assignment Service Date"), the Debtors shall file with the Court, and post on the Case Website at <http://cases.gcginc.com/kwk/>, the Notice of Assumption and Assignment and Designated Contracts List. If no Cure Cost is listed on the Designated Contracts List, the Debtors believe that there is no Cure Cost, as of the date of such notice. On the Assumption and Assignment Service Date, the Debtors shall serve, via first-class mail, a customized version of the Notice of Assumption and Assignment that contains the DCL Instructions and Necessary Notice Information, but omits the Designated Contracts List, on all counterparties to the Designated Contracts. In addition, the Debtors shall serve, via first-class mail, a modified version of the Notice of Assumption and Assignment that contains the DCL Instructions and Necessary Notice Information, but omits the Designated Contracts List on all parties on the Rule 2002 Notice List. Service of such Notice of Assumption and Assignment as set forth herein shall be deemed proper, due, timely, good and sufficient notice of, among other things, the proposed assumption and assignment of the Designated Contracts and rights thereunder, the Cure Costs, and the procedures for objecting thereto, and no other or further notice is necessary.

23. Any objection by a counterparty to a Designated Contract (a "Designated Contract Objection") must (i) be to the proposed assumption and assignment of the applicable Designated Contract or Cure Costs, if any; (ii) state, with specificity, the legal and factual basis

thereof as well as what Cure Costs such objecting party believes are required, if any; and (iii) include appropriate documentation in support thereof. All Designated Contract Objections must be filed and served on (i) the Debtors, Quicksilver Resources Inc., 801 Cherry St., Suite 3700, Unit 19, Fort Worth, TX 76102, Attn: Vanessa Gomez LaGatta, CFO; (ii) co-counsel for the Debtors, Akin Gump Strauss Hauer & Feld LLP, 1700 Pacific Avenue, Suite 4100, Dallas, TX 75201, Attn: Sarah Link Schultz, Esq. and Ashleigh L. Blaylock, Esq.; (iii) co-counsel to the Debtors, Richards, Layton & Finger, P.A., One Rodney Square, 920 North King Street, Wilmington, DE 19801, Attn: Paul N. Heath, Esq., and Amanda R. Steele, Esq.; (iv) co-counsel for the Committee, Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, NY 10019, Attn: Andrew N. Rosenberg, Esq. and Elizabeth McColm, Esq.; (v) co-counsel for the Committee, Landis Rath & Cobb LLP, 919 Market Street, Suite 1800, Wilmington, DE 19801, Attn: Richard S. Cobb, Esq. and Matthew McGuire, Esq.; (vi) counsel for the First Lien Agent, Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, NY 10017, Attn: Steven M. Fuhrman, Esq.; (vii) counsel for the Second Lien Agent, Latham & Watkins LLP, 885 Third Avenue, Suite 1000, New York, NY 10022, Attn: Mitchell A. Seider, Esq. and David Hammerman, Esq.; (viii) counsel for the Second Lien Indenture Trustee, Emmet, Marvin & Martin LLP, 120 Broadway, 32nd Floor, New York, NY 10271, Attn: Edward P. Zujkowski, Esq. and Thomas Pitta, Esq.; (ix) counsel for the Ad Hoc Group of Second Lienholders, Milbank, Tweed, Hadley & McCloy LLP, 28 Liberty Street, New York, NY 10005, Attn: Dennis F. Dunne, Esq. and Samuel A. Khalil, Esq.; (x) the U.S. Trustee, 844 King Street, Suite 2207, Wilmington, DE 19801, Attn: Jane Leamy, Esq.; (xi) if applicable, counsel to any Stalking Horse Bidder(s); and (xii) all parties that have requested notice in these chapter 11 cases (collectively (i) – (xii), the “Objection Recipients”) no later than 4:00 p.m. (prevailing

Eastern Time) fourteen days following the Assumption and Assignment Service Date (the "Assumption and Assignment Objection Deadline").

24. If a Designated Contract Objection is not consensually resolved before the Sale Hearing, the amount to be paid or reserved with respect to such objection shall be determined at the Sale Hearing, such later hearing date that the Debtors determine in their discretion, or such other date determined by this Court.

25. Any time after the Assumption and Assignment Service Date and before the closing of a Sale Transaction, the Debtors reserve the right, and are authorized but not directed, to (i) supplement the Designated Contracts List with previously omitted Designated Contracts in accordance with the definitive agreement for a Sale Transaction, (ii) remove a Designated Contract from the list of contracts that a Successful Bidder proposes be assumed and assigned to it in connection with a Sale Transaction, or (iii) modify the previously stated Cure Cost associated with any Designated Contract.

26. In the event the Debtors exercise any of the rights listed above, the Debtors shall promptly serve the Supplemental Notice of Assumption and Assignment by electronic transmission, hand delivery, or overnight mail on the counterparty (and its attorney, if known) to each Designated Contract listed on the Supplemental Notice of Assumption and Assignment at the last known address available to the Debtors. Each Supplemental Notice of Assumption and Assignment shall set forth (i) the name and address of the counterparty to the Designated Contract listed thereon; (ii) the proposed effective date of the assignment (subject to the right of the applicable Successful Bidder, if any, to withdraw such request for assumption and assignment of that Designated Contract prior to the closing of the applicable Sale Transaction); (iii) sufficient information to identify the Designated Contract; (iv) the Cure Costs, if any; and

(v) proposed adequate assurance, if known on the Assumption and Assignment Service Date. The Debtors are authorized, but not directed, to modify the Supplemental Notice of Assumption and Assignment as necessary and appropriate to provide customized individual notice to each Designated Contract counterparty. In addition, the Debtors are authorized, but not directed, to supplement the Designated Contract List on the Case Website with any additional Designated Contracts as the Debtors deem appropriate in their discretion. Service of such Supplemental Notice of Assumption and Assignment as set forth herein shall be deemed proper, due, timely, good and sufficient notice of, among other things, the proposed assumption and assignment of the Designated Contracts and rights thereunder, the Cure Costs, and the procedures for objecting thereto, and no other or further notice is necessary.

27. Any objection by a counterparty to a Designated Contract listed on a Supplemental Notice of Assumption and Assignment (a "Supplemental Designated Contract Objection") must (i) be to the proposed assumption and assignment of the applicable Designated Contract or the proposed Cure Costs, if any; (ii) state, with specificity, the legal and factual basis thereof as well as what Cure Costs such objecting party believes are required, if any; and (iii) include appropriate documentation in support of the objection; and (iv) be filed and served on the Objection Recipients no later than fourteen days from the date of service of such Supplemental Notice of Assumption and Assignment.

28. If a Supplemental Designated Contract Objection is not consensually resolved by the proposed effective date of assignment of the Designated Contract that is the subject of a Supplemental Designated Contract Objection, the Debtors shall seek an expedited hearing before the Court (a "Supplemental Designated Contract Hearing") to determine the Cure Costs, if any, and approve the assumption of the relevant Designated Contracts. If there is no such objection,

then the Debtors shall obtain an order of this Court, including by filing a certification of no objection, (a "Supplemental Designated Contract Order") fixing the Cure Costs and approving the assumption of any Designated Contract listed on a Supplemental Notice of Assumption and Assignment.

29. Absent the filing of a Designated Contract Objection or Supplemental Designated Contract Objection and a subsequent order of the Court establishing an alternative Cure Cost, the Cure Costs, if any, set forth in the Notice of Assumption and Assignment (or Supplemental Notice of Assumption and Assignment) shall be controlling, notwithstanding anything to the contrary in any Designated Contract or any other document, and the counterparty to the Designated Contract will be deemed to have consented to the assumption, assignment, and sale of the Designated Contract and the Cure Costs, if any, and will be forever barred from asserting any other claims related to such Designated Contract against the Debtors or the applicable Successful Bidder, or the property of any of them, except with respect to adequate assurance of future performance by such Successful Bidder. For the avoidance of doubt, any objections to a Successful Bidder's proposed form of adequate assurance of future performance must be raised at the Sale Hearing or Supplemental Designated Contract Hearing, as applicable, and will be resolved at the hearing at which it is raised or, in the Debtors' discretion, adjourned to a later hearing. To the extent that Cigna Health and Life Insurance Company ("CHLIC"), Life Insurance Company of North America ("LINA"), and Cigna Behavioral Health, Inc. ("CBH," and collectively with CHLIC and LINA, "Cigna") (and its counsel of record) is not provided with adequate assurance information for any proposed assignee (the "Adequate Assurance Information") at least seven (7) days prior to the Sale Hearing, any proposed assumption and assignment of any of Cigna's executory contract(s) shall not be heard or considered by the Court

at the Sale Hearing absent consent of Cigna; *provided, however*, that any objection by Cigna to any such proposed assumption and assignment based on the Adequate Assurance Information must be filed no later than seven (7) days following service of the Adequate Assurance Information.

30. The inclusion of a Designated Contract on the Notice of Assumption and Assignment (or Supplemental Notice of Assumption and Assignment) will not (a) obligate the Debtors to assume any Designated Contract listed thereon nor the Successful Bidder(s) to take assignment of such Designated Contract or (b) constitute any admission or agreement of the Debtors that such Designated Contract is an "executory" contract. Only those Designated Contracts that are included on a schedule of assumed and assigned contracts attached to the final Purchase Agreement with the Successful Bidder(s) (each, an "Acquired Contract") will be assumed and assigned to the Successful Bidder(s).

F. The Sale Hearing

31. A Sale Hearing to (i) approve a sale of a portion or substantially all of the Assets to the Successful Bidder(s) and (ii) authorize the assumption and assignment of certain executory contracts and unexpired leases shall be held on December 14, 2015 at 10:00 a.m. (prevailing Eastern Time), and may be adjourned or rescheduled without notice, subject to paragraph 3 of this Order. At the Sale Hearing, the Debtors will seek Bankruptcy Court approval of the Successful Bid(s) and the Back-Up Bid(s). Unless the Bankruptcy Court orders otherwise, the Sale Hearing shall be an evidentiary hearing on matters relating to the Sale Transaction(s) and there will be no further bidding at the Sale Hearing. In the event that the Successful Bidder(s) cannot or refuses to consummate the Sale(s) because of the breach or failure on the part of such Successful Bidder, the Debtors may, in accordance with the Bidding Procedures, designate the Back-Up Bid to be the new Successful Bid and the Back-Up Bidder to be the new Successful

Bidder, and the Debtors shall be authorized, but not required, to consummate the applicable transaction with the Back-Up Bidder without further order of the Bankruptcy Court.

32. Any and all objections, if any, to any Sale Transaction must be filed no later than December 2, 2015 at 4:00 p.m. (prevailing Eastern Time) (the "Sale Objection Deadline"). Any and all such objections must be served on the Objection Recipients and counsel to any Successful Bidder(s), if known on the Sale Objection Deadline. All replies to such objections must be filed by December 11, 2015 at 12:00 p.m. (prevailing Eastern Time) (the "Reply Deadline").

G. Other Provisions

33. Notwithstanding anything herein or in the Bidding Procedures to the contrary, the Debtors shall not be permitted to modify the consultation rights of the Consultation Parties or the Bid Consultation Parties in the Bidding Procedures absent further order of this Court or the consent of any affected Consultation or Bid Consultation Parties.

34. The Debtors are authorized and empowered to take such action as may be necessary to implement and effect the terms and requirements established under this Bidding Procedures Order.

35. This Bidding Procedures Order shall be binding on and inure to the benefit of the Debtors, including any chapter 7 or chapter 11 trustee or other fiduciary appointed for the estates of the Debtors.

36. This Bidding Procedures Order shall constitute the findings of fact and conclusions of law and shall take immediate effect upon execution hereof.

37. To the extent this Bidding Procedures Order is inconsistent with any prior order or pleading with respect to the Motion in these cases, the terms of this Bidding Procedures Order shall govern.

38. To the extent any of the deadlines set forth in this Bidding Procedures Order do not comply with the Local Rules, such Local Rules are waived and the terms of this Bidding Procedures Order shall govern.

39. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 6006(d), 7062, 9014, or otherwise, this Court, for good cause shown, orders that the terms and conditions of this Bidding Procedures Order shall be immediately effective and enforceable upon its entry.

40. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation or interpretation of this Bidding Procedures Order, including, but not limited to, any matter, claim, or dispute arising from or relating to the Bidding Procedures, any Stalking Horse Agreement, and the implementation of this Bidding Procedures Order.

Dated: October 6, 2015


THE HONORABLE LAURIE SELBER SILVERSTEIN
UNITED STATES BANKRUPTCY JUDGE

Schedule 1

**QUICKSILVER RESOURCES INC.
BIDDING PROCEDURES¹**

Introduction

Quicksilver Resources Inc. and its domestic subsidiaries (collectively, the “Debtors”)² are debtors in possession in chapter 11 cases (jointly administered under Case No. 15-10585 (LSS)) pending in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”).

By the Sale Motion, the Debtors sought approval of, among other things, the procedures (the “Bidding Procedures”) by which they will solicit and select the highest or otherwise best offer for the sale of substantially all or a portion of their assets (the “Assets”) either through one sale to a Successful Bidder (as defined below) or multiple sales to multiple Successful Bidders.

On [DATE], 2015, the Bankruptcy Court entered an order (the “Bidding Procedures Order”), which, among other things, approved the Bidding Procedures set forth below pursuant to which the Debtors will solicit bids for the purchase of substantially all or a portion of their Assets. The Bidding Procedures provide that the Debtors may also consider competing bids in the form of a chapter 11 plan of reorganization, subject to the requirements set forth herein (a “Chapter 11 Plan Bid”).

Key Dates

These Bidding Procedures provide interested parties with the opportunity to complete diligence, to submit competing bids for all or a portion of the Assets, and to participate in an auction to be conducted by the Debtors (the “Auction”).

The key dates for the sale process are as follows:

November 30, 2015 at 5:00 p.m. (prevailing Eastern Time)	Bid Deadline
December 9, 2015 at 10:00 a.m. (prevailing Central Time)	Auction
December 14, 2015 at 10:00 a.m. (prevailing Eastern Time)	Sale Hearing

¹ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the *Debtors’ Motion for (I) an Order Establishing Bidding Procedures and Granting Related Relief and (II) an Order or Orders Approving the Sale of the Assets* (the “Sale Motion”) or in the Purchase Agreement, as applicable.

² The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Quicksilver Resources Inc. [6163]; Barnett Shale Operating LLC [0257]; Cowtown Drilling, Inc. [8899]; Cowtown Gas Processing L.P. [1404]; Cowtown Pipeline Funding, Inc. [9774]; Cowtown Pipeline L.P. [9769]; Cowtown Pipeline Management, Inc. [9771]; Makarios Resources International Holdings LLC [1765]; Makarios Resources International Inc. [7612]; QPP Holdings LLC [0057]; QPP Parent LLC [8748]; Quicksilver Production Partners GP LLC [2701]; Quicksilver Production Partners LP [9129]; and Silver Stream Pipeline Company LLC [9384]. The Debtors’ address is 801 Cherry Street, Suite 3700, Unit 19, Fort Worth, Texas 76102.

Purchase Agreement

On September 22, 2015, the Debtors filed a form asset purchase agreement (with certain ancillary agreements thereto, the "Purchase Agreement"), a true and correct copy of which is attached as **Exhibit 1** hereto. Pursuant to the Purchase Agreement, and to the maximum extent permitted by section 363 of title 11 of the United States Code (the "Bankruptcy Code"), the Successful Bidder shall acquire the Assets (the "Acquired Assets"), free and clear of any and all Interests (as defined below), subject to certain other conditions.

Access to Debtors' Diligence Materials.

To receive access to due diligence materials and to participate in the bidding process, an interested party must submit to the Debtors or already be bound by (i) an executed confidentiality agreement in form and substance satisfactory to the Debtors (which, for the avoidance of doubt, may be substantially in the form attached hereto as **Exhibit 2**), (ii) evidence demonstrating the party's financial ability to consummate either (x) a sale transaction for the Assets or (y) in the case of a Chapter 11 Plan Bid, a non-taxable recapitalization transaction pursuant to a chapter 11 plan of reorganization (any such transaction whether the type set forth in (x) or (y), an "Alternate Transaction"), and (iii) a statement that such party has a bona fide interest in purchasing all or some of the Assets.

A party who, in the Debtors' reasonable discretion, satisfies the requirements set forth in the immediately preceding sentence for receiving access to diligence materials shall be a "Diligence Party." As promptly as practicable after the Debtors determine that a party is a Diligence Party, the Debtors will deliver to the Diligence Party access to the Debtors' confidential electronic data room. The Debtors will afford any Diligence Party the time and opportunity to conduct reasonable due diligence before the Bid Deadline (as defined below). Notwithstanding the foregoing, the Debtors reserve the right to withhold any diligence materials that the Debtors determine are sensitive or otherwise not appropriate for disclosure to a Diligence Party who the Debtors determine is a competitor of the Debtors or is affiliated with any competitor of the Debtors. Neither the Debtors nor their representatives shall be obligated to furnish information of any kind whatsoever to any person that is not determined to be a Diligence Party. The Debtors shall not exclude a party from diligence who has complied with subsections (i) and (ii) of the preceding paragraph, unless they have first consulted with the Consultation Parties (as defined below) regarding such determination.

All due diligence requests must be directed to Marcus Bellows of Houlihan Lokey at mbellows@HL.com.

Each Diligence Party and Qualified Bidder (as defined below) shall comply with all reasonable requests for additional information and due diligence access by the Debtors or their advisors regarding such Bidder and its contemplated transaction. Failure by a Diligence Party to comply with requests for additional information and due diligence access may be a basis for the Debtors to determine, in consultation with the Consultation Parties, that such bidder is not a Qualified Bidder. Failure by a Qualified Bidder to comply with requests for additional information and due diligence access may be a basis for the Debtors to determine, in consultation with the Consultation Parties, that a bid made by such Qualified Bidder is not a Qualified Bid.

The Debtors reserve the right, in their discretion, in consultation with the Consultation Parties, to permit a Diligence Party or Qualified Bidder to remedy any such failure to comply.

Indications of Interest

The Debtors reserve the right, in consultation with the Consultation Parties, to require Diligence Parties to submit written indications of interest specifying, among other things, the Assets proposed to be acquired, the amount and type of consideration to be offered, and any other material terms to be included in a bid by such party. A Diligence Party that fails to comply with any such request by the Debtors, in the Debtors' discretion and in consultation with the Consultation Parties, may not be provided further diligence access or be permitted to participate further in the auction process. The Debtors also reserve the right to exclude any Diligence Party (prior to its submission of a Qualified Bid) from continuing in the auction process if the Debtors determine, in consultation with the Bid Consultation Parties, that the consideration proposed to be paid by such Diligence Party is insufficient.

Auction Qualification Process

To be eligible to participate in the Auction, each offer, solicitation, or proposal (each, a "Bid"), and each party submitting such a Bid (each, a "Bidder") must satisfy each of the conditions set forth below, as determined by the Debtors. A Bid will not be considered qualified for the Auction if such Bid does not satisfy each of the following conditions:

- (a) Good Faith Deposit: Each Bid for all or a portion of the Assets and each Chapter 11 Plan Bid must be accompanied by a deposit (a "Good Faith Deposit") submitted by wire transfer of immediately available funds to an account identified by the Debtors. Each Good Faith Deposit must equal (1) in the case of a Bid for all or a portion of the Assets, the amount of five percent (5%) of the purchase price contained in the Modified Purchase Agreement (as defined below), (2) in the case of a Chapter 11 Plan Bid, the amount of five percent (5%) of the amount of the cash payments contemplated by such Bid, or (3) for any Bid or Chapter 11 Plan Bid, such other amount as the Debtors determine, in consultation with the Consultation Parties; *provided, however*, that any party submitting a Bid primarily composed of a credit bid pursuant to Bankruptcy Code section 363(k) shall not be required to submit a Good Faith Deposit.
- (b) Bids for Portions of the Assets: A Bid may offer to purchase all or substantially all of the Debtors' Assets or only a portion of the Assets. The Debtors may, in consultation with the Consultation Parties, waive or modify the application of the Qualified Bid conditions in respect of Bids for a portion of the Assets, including, *inter alia*, the amount of the Good Faith Deposit.
- (c) Same or Better Terms: To the extent a Stalking Horse Bidder is selected, each subsequent Bid for any Assets subject to the Stalking Horse Agreement (alone or combined with Bids for other Assets subject to the Stalking Horse Agreement) must be on terms that, in the Debtors' business judgment, in consultation with the Bid Consultation Parties, are the same or better than the terms of the Stalking Horse Agreement.

- (d) Executed Agreement: Each Bid (other than a Chapter 11 Plan Bid) must be based on the Purchase Agreement and must include executed transaction documents, signed by an authorized representative of such Bidder, pursuant to which the Bidder proposes to effectuate an Alternate Transaction (the "Modified Purchase Agreement"). A Bid (other than a Chapter 11 Plan Bid) shall also include a copy of the Purchase Agreement marked against the Modified Purchase Agreement to show all changes requested by the Bidder (including those related to purchase price).

A Chapter 11 Plan Bid must be accompanied by an executed investment agreement, signed by an authorized representative of such Bidder, pursuant to which the Bidder proposes to effectuate an Alternate Transaction (the "Investment Agreement"). Such Investment Agreement must provide for a fully-committed investment of capital in exchange for substantially all of the equity of the reorganized Debtors in a non-taxable recapitalization transaction effectuated pursuant to a chapter 11 plan of reorganization.

- (e) Designation of Assigned Contracts and Leases, Payment of Cure Amounts: A Bid must identify any and all executory contracts and unexpired leases of the Debtors that the Bidder wishes to have assumed and, with respect to any Bid that is not a Chapter 11 Plan Bid, assigned to it at closing and provide for the payment of all cure amounts payable with respect to such contracts and leases under the Bankruptcy Code.
- (f) Corporate Authority: A Bid must include written evidence reasonably acceptable to the Debtors demonstrating appropriate corporate authorization to consummate the proposed Alternate Transaction, *provided that*, if the Bidder is an entity specially formed for the purpose of effectuating the Alternate Transaction, then the Bidder must furnish written evidence reasonably acceptable to the Debtors of the approval of the Alternate Transaction by the equity holder(s) of such Bidder.
- (g) Disclosure of Identity of Bidder: A Bid must fully disclose the identity of each entity that will be bidding for or purchasing the Assets or otherwise participating in connection with such Bid (including any equity holder or other financial backer if the Bidder is an entity specifically formed for the purpose of effectuating the Alternate Transaction), and the complete terms of any such participation, including any binding agreements, arrangements, or understandings concerning a collaborative or joint bid or any other combination concerning the proposed Bid.
- (h) Proof of Financial Ability to Perform: A Bid must include written evidence that the Debtors reasonably conclude, in consultation with their advisors and the Bid Consultation Parties (as defined below), demonstrates that the Bidder has the necessary financial ability to (i) close the Alternate Transaction and (ii) provide adequate assurance of future performance under all contracts to be assumed and assigned in such Alternate Transaction. Such information must include, *inter alia*, the following:

- (1) contact names and numbers for verification of financing sources;
 - (2) evidence of the Bidder's internal resources and proof of unconditional debt funding commitments from a recognized financial institution and, if applicable, equity commitments in an aggregate amount equal to the cash portion of such Bid (including, if applicable, the Bidder's payment of cure amounts) or the posting of an irrevocable letter of credit from a recognized banking institution issued in favor of the Debtors in such amount, in each case, as are needed to close the Alternate Transaction;
 - (3) the Bidder's current financial statements (audited if they exist) or other similar financial information reasonably acceptable to the Debtors;
 - (4) a description of the Bidder's pro forma capital structure; and
 - (5) any such other form of financial disclosure or credit-quality support information or enhancement reasonably requested by the Debtors, in consultation with the Bid Consultation Parties, demonstrating that such Bidder has the ability to close the Alternate Transaction.
- (i) Regulatory and Third Party Approvals: A Bid must set forth each regulatory and third-party approval required for the Bidder to consummate the Alternate Transaction, if any, and the time period within which the Bidder expects to receive such regulatory and third-party approvals (and in the case that receipt of any such regulatory or third-party approval is expected to take more than thirty (30) days following execution and delivery of the Modified Purchase Agreement or Investment Agreement, those actions the Bidder will take to ensure receipt of such approval(s) as promptly as possible).
 - (j) Contingencies: Each Bid may not be conditioned on obtaining financing or any internal approval, or on the outcome or review of due diligence.
 - (k) Irrevocable: Each Bid must expressly provide that (1) the Bidder is prepared to consummate the transaction set forth in the Modified Purchase Agreement promptly following entry of the Sale Order and satisfaction of the closing conditions (if any) set forth in the Modified Purchase Agreement, and (2) the offer reflected in such Bid shall remain open and irrevocable until the conclusion of the Auction, provided that if such Bid is accepted as the Successful Bid or the Backup Bid (each as defined herein), such Bid shall continue to remain open and irrevocable as provided under "Closing the Auction; Successful Bidder" and "Backup Bidder" below.
 - (l) Purchase Price Allocation: Each Bid must specify the portion of the aggregate purchase price thereunder that is being allocated to each of the Barnett Shale Asset (and, if the Bid is for only a portion of the Barnett Shale Asset, the price being allocated to the Lake Arlington (including Village Creek), Hill County, Cowtown or Alliance assets within the Barnett Shale Asset), the West Texas Asset, and the intercompany note between Quicksilver Resources Inc. and Quicksilver Resources Canada Inc. (the "Intercompany Note"). As used herein,

"Barnett Shale Asset" and "West Texas Asset," shall have the meanings given to them in the Form 10-K filed by Quicksilver Resources Inc. with the U.S. Securities and Exchange Commission for the year ended December 31, 2014.

- (m) Bid Deadline: Each Bid must be received by each of the following parties, in writing, on or before November 30, 2015 at 5:00 p.m. (prevailing Eastern Time) or such earlier date as may be designated by the Debtors in consultation with the Consultation Parties (the "Bid Deadline"): (1) the Debtors, Quicksilver Resources Inc., 801 Cherry St., Suite 3700, Unit 19, Fort Worth, TX 76102, Attn: Glenn Darden, CEO (gdarden@qrinc.com), Vanessa Gomez LaGatta, CFO (vgomez@qrinc.com), and John Little, SAO (jolittle@deloitte.com); (2) counsel for the Debtors, Akin Gump Strauss Hauer & Feld LLP, 1700 Pacific Avenue, Suite 4100, Dallas, TX 75201, Attn: Sarah Link Schultz, Esq. (sschultz@akingump.com) and Stephen B. Kuhn, Esq. (skuhn@akingump.com); (3) investment banker for the Debtors, Houlihan Lokey, 245 Park Avenue, 20th Floor, New York, NY 10167, Attn: John-Paul Hanson (jhanson@hl.com) and Adam Dunayer (adunayer@hl.com); (4) counsel for the Official Committee of Unsecured Creditors (the "Committee"), Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, NY 10019, Attn: Andrew N. Rosenberg, Esq. (arosenberg@paulweiss.com) and Elizabeth McColm, Esq. (emccolm@paulweiss.com); (5) counsel for the First Lien Agent, Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, NY 10017, Attn: Steven M. Fuhrman, Esq. (sfuhrman@stblaw.com); (6) counsel for the Second Lien Agent (as defined below), Latham & Watkins LLP, 885 Third Avenue, Suite 1000, New York, NY 10022, Attn: Mitchell A. Seider, Esq. (mitchell.seider@lw.com) and David Hammerman, Esq. (david.hammerman@lw.com); (7) counsel for the Second Lien Indenture Trustee, Emmet, Marvin & Martin LLP, 120 Broadway, 32nd Floor, New York NY 10271, Attn: Edward P. Zujkowski, Esq. (ezujkowski@emmetmarvin.com) and Thomas Pitta, Esq. (tpitta@emmetmarvin.com); and (8) counsel for the Ad Hoc Group of Second Lienholders, Milbank, Tweed, Hadley & McCloy LLP, 28 Liberty Street, New York, NY 10005, Attn: Dennis F. Dunne, Esq. (ddunne@milbank.com) and Samuel A. Khalil, Esq. (skhalil@milbank.com) ((1)-(8), collectively, the "Bid Notice Parties").

A Bid received from a Bidder on or before the Bid Deadline that meets the requirements set forth above for the applicable Assets shall constitute a "Qualified Bid" for such Assets, and such Bidder shall constitute a "Qualified Bidder" for such Assets. Notwithstanding anything else contained herein, the Second Lien Parties³ shall have the right, subject in all respects to the Bankruptcy Code and other applicable law, to credit bid all or any portion of their allowed secured claims pursuant to Bankruptcy Code section 363(k) or other applicable law, in accordance with the applicable provisions of the Second Lien Secured Debt Documents⁴ and the

³ As defined in the *Final Order Under 11 U.S.C. §§ 105, 361, 362, 363 and 507, and Bankruptcy Rules 2002, 4001 and 9014 (I) Authorizing Debtors to Use Cash Collateral and (II) Granting Adequate Protection to Prepetition Secured Parties* [D.I. 307] (the "Final Cash Collateral Order").

⁴ As defined in the Final Cash Collateral Order.

Intercreditor Agreement⁵, and any such credit bid shall be deemed a Qualified Bid to the extent it otherwise complies with the requirements set forth above under the heading "Auction Qualification Process," the Intercreditor Agreement and the Bankruptcy Code and subject to the rights of the Committee as set forth in paragraph 8 of the Bidding Procedures Order.

Stalking Horse Bids

Subject to the provisions set forth herein and in consultation with the Consultation Parties, the Debtors reserve the right, at any time before December 1, 2015, to enter into a purchase agreement (the "Stalking Horse Agreement"), subject to higher or otherwise better offers at the Auction, with any Qualified Bidder that submits a Qualified Bid (the "Stalking Horse Bidder") acceptable to the Debtors, in consultation with the Consultation Parties, to establish a minimum Qualified Bid at the Auction. The Stalking Horse Agreement may contain certain customary terms and conditions, including expense reimbursement and a break-up fee in favor of the Stalking Horse Bidder (the "Bid Protections") in amounts to be determined by the Debtors in consultation with the Consultation Parties. To the extent the Debtors enter into a Stalking Horse Agreement, the Debtors shall seek expedited approval of their entry into such agreement and any Bid Protections included therein together with the terms and conditions under which such Bid Protections would be payable to the Stalking Horse Bidder, on no less than seven (7) days' notice (the "Stalking Horse Hearing"). The Debtors shall serve notice of the Stalking Horse Agreement and the Stalking Horse Hearing on all parties on the Debtors' Rule 2002 Notice List, all parties expressing interest in the Assets and all parties holding liens on the Assets (each, a "Stalking Horse Notice"). Each Stalking Horse Notice will include (i) the identity of the proposed Stalking Horse Bidder, (ii) a summary of the key terms of the Stalking Horse Agreement, (iii) a summary of the type and amount of Bid Protections, if any, proposed to be afforded to the Stalking Horse Bidder, and (iv) a correct and complete copy of the Stalking Horse Agreement. At least five (5) days prior to the Auction, the Debtors shall distribute complete and correct copies of the Stalking Horse Agreement(s), if any, to each of the other Qualified Bidders. Notwithstanding anything herein or in the Bidding Procedures Order to the contrary, all parties in interest shall have the right, at any time before the start of the Stalking Horse Hearing, to object to the designation of a Stalking Horse Bidder, the provision of Bid Protections to such Stalking Horse Bidder and the terms and conditions under which such Bid Protections would be payable to the Stalking Horse Bidder.

Any Stalking Horse Agreement executed by the Debtors and the transactions contemplated thereby will be deemed a Qualified Bid for all purposes, and any Stalking Horse Bidder party to a Stalking Horse Agreement executed by the Debtors will be deemed to be Qualified Bidder.

Other than as provided by order of the Bankruptcy Court prior to entry of the Bidding Procedures Order, no party submitting a Bid shall be entitled to a break-up fee or expense reimbursement except for the Bid Protections for any Stalking Horse Bidder that are approved by the Bankruptcy Court. Any substantial contribution claims by any Bidder are deemed waived.

⁵ As defined in the Final Cash Collateral Order.

Highest or Otherwise Best Bid

Whenever these Bidding Procedures refer to the highest or otherwise best Qualified Bid, such determination shall take into account any factors the Debtors, in consultation with the Bid Consultation Parties, reasonably deem relevant to the value of the Qualified Bid to the estates and may include, but are not limited to, the following (i) the amount and nature of the consideration, including any Assumed Liabilities (as defined in the Purchase Agreement); (ii) the number, type and nature of any changes to the Purchase Agreement requested by each Qualified Bidder; (iii) the extent to which such modifications are likely to delay closing of the sale of the Assets and the cost to the Debtors of such modifications or delay; (iv) the likelihood of the Qualified Bidder being able to close the proposed transaction (including obtaining any required regulatory approvals) and the timing thereof; and (v) the net benefit to the Debtors' estates (collectively, the "Bid Assessment Criteria").

Auction

If two or more Qualified Bids for the same Assets are received by the Bid Deadline, the Debtors will conduct the Auction to determine the highest or otherwise best Qualified Bid. If less than two Qualified Bids are received by the Bid Deadline with respect to any portion of the Assets, the Debtors shall not conduct the Auction with respect to such Assets. If only one Qualified Bid is received with respect to all or a portion of the Assets, the Debtors may, after consultation with the Consultation Parties, designate such Qualified Bid as a Successful Bid. Only Qualified Bidders may participate in the Auction.

Procedures for Auction

The Auction shall take place on December 9, 2015 at 10:00 a.m. (prevailing Central Time) at the offices of counsel for the Debtors, Akin Gump Strauss Hauer & Feld LLP, 1700 Pacific Ave., Suite 4100, Dallas, Texas 75201, or such other place and time as the Debtors shall notify all Qualified Bidders and the Consultation Parties. The Auction shall be conducted according to the following procedures:

Only the Debtors, the Consultation Parties, the Stalking Horse Bidder(s) (if any), any other Qualified Bidders, and/or other party as the Debtors may determine to include in their discretion, in each case along with their representatives and advisors, shall be entitled to attend the Auction (such attendance to be in person) and only Qualified Bidders will be entitled to make any Overbids (as defined below) at the Auction. If a party other than those listed above would like to attend the Auction, such party shall make a request to attend the Auction in writing (which writing may be in the form of an electronic mail) and serve such request on the Bid Notice Parties no later than 12:00 p.m. (prevailing Eastern Time) two business days prior to the date of the Auction.

The Debtors Shall Conduct the Auction.

The Debtors and their advisors shall direct and preside over the Auction, which shall be transcribed. Other than as expressly set forth herein, the Debtors (in consultation with the Consultation Parties or, to the extent provided herein, the Bid Consultation Parties) may conduct the Auction in the manner they determine will result in the highest or otherwise best offer for any

of the Assets. The Debtors shall use their best efforts to, at least 24 hours prior to commencement of the Auction, provide the Consultation Parties and each Qualified Bidder participating in the Auction with a copy of the Modified Purchase Agreement associated with the highest or otherwise best Qualified Bid with respect to the Assets for which such Qualified Bidder is bidding, as determined by the Debtors in consultation with the Bid Consultation Parties (such highest or otherwise best Qualified Bid, the "Auction Baseline Bid"). In the event that the Debtors enter into a Stalking Horse Agreement with respect to any Assets, such Stalking Horse Agreement shall be the Auction Baseline Bid with respect to such Assets. At the start of the Auction, the Debtors shall describe the material terms of the Auction Baseline Bid and each Qualified Bidder participating in the Auction must confirm that (a) it has not engaged in any collusion with respect to the bidding or sale of any of the Assets described herein, (b) it has reviewed, understands, and accepts the Bidding Procedures, (c) it has consented to the core jurisdiction of the Bankruptcy Court (as described more fully below), and (d) its Qualified Bid is a good faith *bona fide* offer that it intends to consummate if selected as the Successful Bidder.

Credit Bidding by Second Lien Parties.

Notwithstanding anything else contained herein, the Second Lien Parties shall have the right, subject in all respects to the Bankruptcy Code and other applicable law, to credit bid all or any portion of their allowed secured claims at the Auction pursuant to Bankruptcy Code section 363(k) or other applicable law, in accordance with the applicable provisions of the Second Lien Secured Debt Documents; *provided* that such Bid otherwise complies with these Bidding Procedures, the Intercreditor Agreement and the Bankruptcy Code and subject to the rights of the Committee as set forth in paragraph 8 of the Bidding Procedures Order.

Terms of Overbids.

An "Overbid" is any bid made at the Auction, in accordance with the requirements set forth herein, subsequent to the Debtors' announcement of the respective Auction Baseline Bid. To submit an Overbid for purposes of this Auction, a Bidder must comply with the following conditions:

- (a) Minimum Overbid Increments: The initial Overbid, if any, shall provide for total consideration to the Debtors with a value that exceeds the value of the consideration under the Auction Baseline Bid by an incremental amount that is not less than the sum of (x) \$500,000 (the "Minimum Overbid Increment") plus (y) in the event that the Debtors have entered into a Stalking Horse Agreement with respect to the Assets to which the Overbid relates, the aggregate amount of any Bid Protections under such Stalking Horse Agreement, and each successive Overbid shall exceed the then-existing Overbid by an incremental amount that is not less than the Minimum Overbid Increment. The Debtors reserve the right, in consultation with the Bid Consultation Parties, to announce reductions or increases in the Minimum Overbid Increment at any time during the Auction. Additional consideration in excess of the amount set forth in the respective Auction Baseline Bid may include (i) cash and/or noncash consideration, *provided, however*, that the value for such non-cash consideration shall be determined by the Debtors in their reasonable business judgment in consultation

with the Bid Consultation Parties, and (ii) in the case of a Bid by the Second Lien Parties, a credit bid of up to the full amount of the such secured creditors' allowed secured claim, subject to the terms of the Intercreditor Agreement and the Bankruptcy Code and subject to the rights of the Committee as set forth in paragraph 8 of the Bidding Procedures Order.

- (b) Remaining Terms Are the Same as for Qualified Bids: Except as modified herein, an Overbid at the Auction must comply with the conditions for a Qualified Bid set forth above, provided, however, that the Bid Deadline shall not apply. Any Overbid must include, in addition to the amount and the form of consideration of the Overbid, a description of all changes requested by the Bidder to the Purchase Agreement, Modified Purchase Agreement or Investment Agreement, as the case may be, in connection therewith. For the avoidance of doubt, any Overbid shall be irrevocable and shall remain open and binding on the Bidder in accordance with these Bidding Procedures and the conditions for a Qualified Bid.

At the Debtors' discretion, to the extent not previously provided (which shall be determined by the Debtors in consultation with the Bid Consultation Parties), a Bidder submitting an Overbid at the Auction must submit, as part of its Overbid, written evidence (in the form of financial disclosure or credit-quality support information or enhancement reasonably acceptable to the Debtors), as the Debtors, in their reasonable business judgment in consultation with the Bid Consultation Parties, may request, demonstrating such Bidder's ability to consummate the Alternate Transaction proposed by such Overbid.

Announcement and Consideration of Overbids.

- (a) Announcement of Overbids: A Bidder submitting an Overbid at the Auction shall announce at the Auction the material terms of such Overbid, including the total amount and type of consideration offered in such Overbid.
- (b) Consideration of Overbids: The Debtors reserve the right, in their reasonable business judgment in consultation with the Consultation Parties, to make one or more continuances of the Auction to, among other things: facilitate discussions between the Debtors and individual Qualified Bidders; allow individual Qualified Bidders to consider how they wish to proceed; and give Qualified Bidders the opportunity to provide the Debtors with such additional evidence as the Debtors, in their reasonable business judgment in consultation with the Bid Consultation Parties, may require, that the Qualified Bidder has sufficient internal resources, or has received sufficient non-contingent debt and/or equity funding commitments, to consummate the proposed Alternate Transaction at the prevailing Overbid amount; *provided* that, to the extent the Debtors determine to request that any Qualified Bidder increase the amount of their Good Faith Deposit, the Debtors first shall consult with the Bid Consultation Parties before making such request.

Additional Procedures.

The Debtors (in consultation with the Consultation Parties), in the exercise of their fiduciary duties for the purpose of maximizing value for their estates from the sale process, may modify the Bidding Procedures and implement additional procedural rules for conducting the Auction. Specifically, among other things, the Debtors, in consultation with the Bid Consultation Parties, may determine to select more than one Successful Bid and more than one Successful Bidder (and/or more than one Backup Bid and more than one Backup Bidder, in which event such Backup Bids may provide for groupings of Assets that are different from the groupings of Assets reflected in the Successful Bid(s)) for separate portions of the Assets.

Consent to Jurisdiction as Condition to Bidding.

All Qualified Bidders shall be deemed to have consented to the core jurisdiction of the Bankruptcy Court to enter an order or orders, which shall be binding in all respects, in any way related to the Debtors, their chapter 11 cases, the Bidding Procedures, the Purchase Agreement, the Auction, or the construction and enforcement of documents relating to any Alternate Transaction and waived any right to a jury trial in connection with any disputes relating to the Debtors, their chapter 11 cases, the Bidding Procedures, the Purchase Agreement, the Auction, or the construction and enforcement of documents relating to any Alternate Transaction.

Sale Is As Is/Where Is.

Any of the Assets sold pursuant to the Bidding Procedures shall be sold free and clear of all liens claims and encumbrances as permitted by Bankruptcy Code section 363(f) other than any Assumed Liabilities and conveyed at Closing in their then-present condition, **"AS IS, WHERE IS, WITH ALL FAULTS, AND WITHOUT ANY WARRANTY WHATSOEVER, EXPRESS OR IMPLIED"**, except to the extent set forth in the definitive agreement for the Successful Bid, if applicable.

Closing the Auction; Successful Bidder.

The Auction shall continue until there is only one Qualified Bid for the Assets that the Debtors determine in their reasonable business judgment, in consultation with the Bid Consultation Parties, is the highest or otherwise best Qualified Bid at the Auction. Thereafter, the Debtors shall select such Qualified Bid, in consultation with the Bid Consultation Parties, as the overall highest or otherwise best Qualified Bid (such Bid, the **"Successful Bid,"** and the Bidder submitting such Successful Bid, the **"Successful Bidder"**). In making this decision, the Debtors shall consider the Bid Assessment Criteria.

The Auction shall close when the Successful Bidder(s) submits fully executed sale and transaction documents or a fully executed Investment Agreement, as applicable, memorializing the terms of the Successful Bid(s).

Promptly following the Debtors' selection of the Successful Bid(s) and the conclusion of the Auction, the Debtors shall announce the Successful Bid(s) and Successful Bidder(s) and shall file with the Bankruptcy Court notice of the Successful Bid(s) and Successful Bidder(s).

The Debtors shall not consider any Bids submitted after the conclusion of the Auction. The Successful Bidder(s) shall be required to keep the Successful Bid(s) open and irrevocable until the closing of the transactions contemplated thereby.

Backup Bidder.

Notwithstanding anything in the Bidding Procedures to the contrary, the Qualified Bid for the Assets that the Debtors determine in their reasonable business judgment, in consultation with the Bid Consultation Parties, is the next highest or otherwise best Qualified Bid at the Auction after the Successful Bid, will be designated as the "Backup Bid" and the Bidder submitting such Backup Bid, the "Backup Bidder." The Backup Bidder shall be required to keep the Backup Bid open and irrevocable until the earlier of 5:00 p.m. (prevailing Eastern Time) on the date that is eighty (80) days after the date of entry of the Sale Order (the "Outside Backup Date") or the closing of the transaction with the Successful Bidder (defined herein).

Following entry of the Sale Order, if the Successful Bidder fails to consummate the Successful Bid, the Debtors may, in consultation with the Bid Consultation Parties, designate the Backup Bid to be the new Successful Bid and the Backup Bidder to be the new Successful Bidder, and the Debtors will be authorized, but not required, to consummate the transaction with the Backup Bidder without further order of the Bankruptcy Court. In such case of a breach or failure to perform on the part of the Successful Bidder, the defaulting Successful Bidder's deposit shall be forfeited to the Debtors. The Debtors specifically reserve the right to seek all available damages, including specific performance, from any defaulting Successful Bidder (including any Backup Bidder designated as a Successful Bidder) in accordance with the terms of the Bidding Procedures.

Return of Good Faith Deposits

The Good Faith Deposits of all Qualified Bidders shall be held in one or more accounts by the Debtors, but shall not become property of the Debtors' estates; *provided, however*, that the Good Faith Deposit of any Successful Bidder (including any Backup Bidder that becomes a Successful Bidder) may be forfeited to the Debtors or credited towards the purchase price set forth in the Successful Bid, in either case as provided in these Bidding Procedures. The Good Faith Deposit of any Qualified Bidder that is neither the Successful Bidder nor the Backup Bidder shall be returned to such Qualified Bidder not later than seven (7) days after the Sale Hearing. The Good Faith Deposit of the Backup Bidder, if any, shall be returned to the Backup Bidder not later than three (3) business days after (i) the closing of the transaction with the Successful Bidder (defined herein) for the Assets bid upon by the Backup Bidder and (ii) the Outside Backup Date; *provided, however*, that if the Back-up Bid becomes the Successful Bid as provided herein, any subsequent breach or failure to perform by the Back-up Bidder may result in the forfeit of the Good Faith Deposit of the Back-up Bidder to the Debtors.. Upon the return of the Good Faith Deposits, their respective owners shall receive any and all interest that may have accrued thereon. If the Successful Bidder consummates the Successful Bid, its Good Faith Deposit shall be credited towards the purchase price set forth in the Successful Bid.

The Consultation Parties

The Debtors shall consult with JP Morgan as agent under the Debtors' first lien credit facility (the "First Lien Agent"), Credit Suisse as agent under the Debtors' second lien term loan (the "Second Lien Agent"), the Ad Hoc Group of Second Lienholders, and the Committee (collectively, the "Consultation Parties" and each, a "Consultation Party") as explicitly provided for in these Bidding Procedures; *provided, however*, that, in certain circumstances as set forth in these Bidding Procedures, the Debtors shall consult only with the Bid Consultation Parties (as defined below). The "Bid Consultation Parties" shall be all Consultation Parties (and their advisors) other than any Consultation Party (and its advisors) that submits a Bid or has a Bid submitted on its behalf for so long as such Bid remains open. For the avoidance of doubt, the Debtors' obligation to consult with the Consultation Parties may, in the Debtors' discretion, be met by (i) consultation solely with the respective advisors to each of the Consultation Parties, as set forth in "Auction Qualification Process – Bid Deadline" above (collectively, the "Consultation Party Advisors"); or (ii) consultation with each of the Consultation Parties and their Consultation Party Advisors at the same time or in separate communications.

Reservation of Rights of the Debtors

Except as otherwise provided in the Purchase Agreement, these Bidding Procedures or the Bidding Procedures Order, the Debtors further reserve the right, in their reasonable business judgment in consultation with the Consultation Parties or, to the extent provided herein, the Bid Consultation Parties to: (i) determine which bidders are Qualified Bidders; (ii) determine which Bids are Qualified Bids; (iii) determine which Qualified Bid is the highest or otherwise best proposal and which is the next highest or otherwise best proposal; (iv) reject, at any time prior to the closing of the Auction or, if no Auction is held, at any time prior to entry of the Sale Order, any Bid that is (a) inadequate or insufficient, (b) not in conformity with the requirements of these Bidding Procedures, the requirements of the Bankruptcy Code or, if applicable, the Intercreditor Agreement, or (c) contrary to the best interests of the Debtors and their estates; (v) waive terms and conditions set forth herein with respect to all potential bidders; (vi) impose additional terms and conditions; (vii) extend the deadlines set forth herein; (viii) continue or cancel the Auction and/or Sale Hearing in open court, or by filing a notice on the docket of the Debtors' chapter 11 cases, without further notice; (ix) include any other party as a Consultation Party and attendee at the Auction; and (x) modify the Bidding Procedures and implement additional procedural rules for conducting the Auction so long as such rules are not inconsistent in any material respect with the Bankruptcy Code, the Intercreditor Agreement, if applicable, the Bidding Procedures Order, or any other order of the Court.

Exhibit 1

Purchase Agreement

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ASSET PURCHASE AGREEMENT

DATED AS OF [•], 2015

BY AND AMONG

QUICKSILVER RESOURCES INC.,

COWTOWN GAS PROCESSING, L.P.

AND

COWTOWN PIPELINE, L.P.,

AS SELLERS,

AND

[BUYER],

AS BUYER

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement"), dated as of [•], 2015, is by and among Quicksilver Resources Inc., a Delaware corporation ("Company"), Cowtown Gas Processing L.P., a Texas limited partnership ("Cowtown Gas Processing"), and Cowtown Pipeline L.P., a Texas limited partnership ("Cowtown Pipeline" and together with the Company and Cowtown Gas Processing, each a "Seller", and collectively, the "Sellers"), and [Buyer], a [entity description] ("Buyer")¹. Capitalized terms used but not otherwise defined herein have the meanings set forth in Article 1. Sellers and Buyer are sometimes referred to collectively herein as the "Parties" and individually as a "Party".

RECITALS

WHEREAS, Sellers are engaged in the business of onshore oil and natural gas exploration, development and production in the United States of America, and own, in varying proportions, certain oil and gas leases and associated assets more particularly described in Section 2.1;

WHEREAS, on March 17, 2015, the Sellers commenced voluntary cases under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court");

WHEREAS, Sellers desire to sell to Buyer all of the Oil and Gas Assets, and Buyer desires to purchase from Sellers all of the Oil and Gas Assets and assume all of the Assumed Liabilities, upon the terms and conditions hereinafter set forth;

WHEREAS, the Parties intend to effectuate the transactions contemplated by this Agreement through a sale of the Oil and Gas Assets pursuant to Sections 105, 363 and 365 of the Bankruptcy Code; and

WHEREAS, the Sellers' ability to consummate the transactions set forth in this Agreement is subject to, among other things, the entry of the Sale Order by the Bankruptcy Court;

NOW, THEREFORE, in consideration of the premises, the mutual promises herein made, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

¹ To the extent that Buyer is newly-formed or is not financially capable, we will require the financial parent to be party to this Agreement, which shall include a guaranty of Buyer's obligations.

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ARTICLE 1

DEFINITIONS

1.1 Definitions.

For purposes of this Agreement, the following terms have the meanings specified or referenced below.

“Accounting Referee” has the meaning set forth in Section 8.14.

“Action” means any legal action, suit or arbitration, or any inquiry, proceeding or investigation, by or before any Governmental Authority.

“AFEs” has the meaning set forth in Section 5.8.

“Affiliate” has the meaning set forth in Rule 12b-2 of the regulations promulgated under the Securities Act.

“Additional Interest” has the meaning set forth in Section 12.3.

“Additional Interest Amount” has the meaning set forth in Section 12.3.

“Aggregate Environmental Defect Deductible” means ten percent of the Purchase Price.

“Aggregate Title Defect Deductible” means ten percent of the Purchase Price.

“Agreement” has the meaning set forth in the introductory paragraph.

“Allocated Value” has the meaning set forth in Section 8.2.

“Asset Taxes” has the meaning set forth in Section 8.1(b).

“Assigned Contracts” has the meaning set forth in Section 2.1(b)(vii).

“Assigned Leases and Interests” has the meaning set forth in Section 2.1(b)(i).

“Assigned Surface Interests” has the meaning set forth in Section 2.1(b)(viii).

“Assignment” means the Assignment and Bill of Sale substantially in the form attached hereto as Exhibit G.

“Assumed Accounts Payables” means those accrued expenses and accounts payable of any Seller with respect to those suppliers and service providers set forth on Schedule 2.3(i).

“Assumed Benefit Plans” means the Benefit Plans set forth on Schedule 5.17(b) that are assumed by Buyer pursuant to this Agreement.

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“Assumed Liabilities” has the meaning set forth in Section 2.3.

“Assumption Agreement” has the meaning set forth in Section 2.3.

“Auction” has the meaning set forth in the Bidding Procedures Order.

“Avoidance Actions” means any and all claims for relief of Sellers under chapter 5 of the Bankruptcy Code.

“Bankruptcy Case” means the cases commenced by Sellers under chapter 11 of the Bankruptcy Code in the Bankruptcy Court, styled [•], jointly administered under Case No. [•], and pending before the Bankruptcy Court.

“Bankruptcy Code” means Title 11 of the United States Code, Sections 101 *et seq.*

“Bankruptcy Court” has the meaning set forth in the recitals.

“Base Purchase Price” has the meaning set forth in Section 3.1.

“Benefit Plan” has the meaning set forth in Section 5.17.

“Bid Deadline” has the meaning set forth in the Bidding Procedures Order.

“Bidding Procedures Order” means an Order of the Bankruptcy Court dated October __, 2015 approving the bidding procedures annexed as an exhibit thereto and providing related relief.

“Business Day” means any day of the year on which national banking institutions in New York are open to the public for conducting business and are not required or authorized to close.

“Buyer” has the meaning set forth in the introductory paragraph.

“Buyer Parties” means Buyer, its respective Affiliates and the former, current or future equity holders and Representatives of each of the foregoing.

“Buyer Termination Notice” has the meaning set forth in Section 11.1(b).

“Casualty Loss” means any loss, damage, or destruction of the Oil and Gas Assets that occurs during the period between the date of execution of this Agreement and the Closing for any reason, including any act of God, fire, explosion, collision, earthquake, windstorm, flood, terrorism, or other casualty or condemnation taking under the right of eminent domain, but excluding any loss, damage, or destruction as a result of depreciation, ordinary wear and tear, and any change in condition of the Oil and Gas Assets for production of Hydrocarbons through normal depletion (which exclusion shall include the watering-out of any Well, collapsed casing, sand infiltration of any Well, or other reservoir changes relating to production issues).

“Closing” has the meaning set forth in Section 4.1.

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“Closing Date” means the date and time as of which the Closing occurs as set forth in Section 4.1.

“Code” means the Internal Revenue Code of 1986, as amended.

“Commitment Letters” has the meaning set forth in Section 7.8.

“Company” has the meaning set forth in the introductory paragraph.

“Confidentiality Agreement” has the meaning set forth in Section 13.2.

“Contract” means any agreement, contract, obligation, promise or undertaking (in each case, whether written or oral), other than a Lease, that is legally binding.

“Copyrights” means all United States and foreign copyright rights in any original works of authorship, whether registered or unregistered, including all copyright registrations and applications.

“Cowtown Gas Processing” has the meaning set forth in the introductory paragraph.

“Cowtown Pipeline” has the meaning set forth in the introductory paragraph.

“Cure” means correction of a condition constituting a Title Defect or Environmental Defect, as applicable, in a manner such that a reasonable person in the oil and gas industry would no longer consider the condition, as corrected, to be a Title Defect or Environmental Defect, as applicable.

“Cure Costs” has the meaning set forth in Section 2.5.

“Defect Deadline” has the meaning set forth in Section 12.1.

“Defensible Title” means that title which, as of the Effective Time and subject to any Permitted Encumbrances: (i) entitles such Seller to receive and retain a Net Revenue Interest for the applicable Well which is not less than the Net Revenue Interest set forth for such Well in Exhibit B, except for any decrease (A) caused by orders of the appropriate Governmental Authority having jurisdiction that are promulgated after the Effective Time that concern pooling, unitization, communitization or spacing matters, or (B) caused by Buyer, its successors or assigns; (ii) obligates such Seller, for each Well, to bear a Working Interest for such Well which is not more than the Working Interest set forth for such Well in Exhibit B, except for any increase (A) caused by Buyer, its successors or assigns, (B) that also results in the Net Revenue Interest associated with the Well proportionately increased, or (C) caused by orders of the appropriate Governmental Authority having jurisdiction that are promulgated after the Effective Date that concern pooling, unitization, communitization or spacing matters; and (iii) is free and clear of all Encumbrances.

“DTPA” has the meaning set forth in Section 13.15.

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“Effective Time” means 7:00 a.m., Central Standard Time, on _____.

“Encumbrance” means any charge, lien, claim, mortgage, lease, sublease, hypothecation, deed of trust, pledge, security interest, option, right of use or possession, right of first offer or first refusal, easement, servitude, restrictive covenant, encroachment, encumbrance, third party interest or other restriction or limitation of any kind.

“Environmental Defect” means any condition of the Properties (other than with respect to asbestos, asbestos containing materials, or NORM, and excluding any matter set forth on Schedule 1.1) that either (i) requires immediate restoration, remediation or resolution under applicable Environmental Laws or (ii) if known by a federal or state regulatory agency of competent jurisdiction, would reasonably be expected to cause such federal or state regulatory agency to assert that the Property requires immediate restoration, remediation or resolution under applicable Environmental Laws,

“Environmental Defect Amount” means, with respect to an Environmental Defect, the Lowest Cost Response; *provided, however*, that in no event an Environmental Defect Amount shall exceed the Allocated Value of a Property affected thereby.

“Environmental Defect Notice” has the meaning set forth in Section 12.6.

“Environmental Laws” means any federal, state, or local Legal Requirement relating to the prevention of pollution, remediation of contamination, protection of the environment and natural resources, and restoration of environmental quality, including the following federal statutes and the regulations promulgated thereunder: (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, (ii) the Emergency Planning and Community Right-To-Know Act, (iii) the Resources Conservation and Recovery Act (“RCRA”), (iv) the Clean Air Act, (v) the Clean Water Act, (vi) the Safe Drinking Water Act, (vii) the Oil Pollution Act, (viii) the Toxic Substances Control Act, as each of the foregoing has been amended and in effect on the Closing Date.

“Environmental Referee” has the meaning set forth in Section 12.7(b).

“Equipment” has the meaning set forth in Section 2.1(b)(iv).

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Affiliate” has the meaning set forth in Section 5.17.

“Excluded Assets” has the meaning set forth in Section 2.2.

“Excluded Contracts” means those Contracts described on Schedule 2.2(i).

“Excluded Leases” means those Leases described on Schedule 2.2(h).

“Excluded Liabilities” has the meaning set forth in Section 2.4.

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“Excluded Mineral Interests” means those Mineral Interests described on Schedule 2.2(h).

“Excluded Surface Interests” means those Surface Interests described on Schedule 2.2(i).

“Final Order” means an Action taken or Order issued by the applicable Governmental Authority as to which: (i) no request for stay of the Action or Order is pending, no such stay is in effect, and, if any deadline for filing any such request is designated by statute or regulation, it is passed, including any extensions thereof; (ii) no petition for rehearing or reconsideration of the Action or Order, or protest of any kind, is pending before the Governmental Authority and the time for filing any such petition or protest is passed; (iii) the Governmental Authority does not have the Action or Order under reconsideration or review on its own motion and the time for such reconsideration or review has passed; and (iv) the Action or Order is not then under judicial review, there is no notice of appeal or other application for judicial review pending, and the deadline for filing such notice of appeal or other application for judicial review has passed, including any extensions thereof.

“Final Settlement Statement” has the meaning set forth in Section 8.14.

“Financing” has the meaning set forth in Section 7.8.

“Gas Imbalances” has the meaning set forth in Section 8.12(c).

“Governmental Authority” means any United States federal, state or local or any foreign government, governmental authority or regulatory or administrative authority or any court, tribunal or judicial body having jurisdiction.

“Governmental Authorization” means any approval, consent, license, permit, waiver or other authorization issued, granted or otherwise made available by or under the authority of any Governmental Authority.

“Hard Consent” has the meaning set forth in Section 2.6.

“Hazardous Substance” means any “pollutant,” “contaminant,” “hazardous waste,” “hazardous material,” or “hazardous substance” which is or becomes identified, listed, published, or defined under any of the Environmental Laws.

“Hydrocarbons” means oil, gas, minerals, casinghead gas, coalbed methane, and other gaseous and liquid hydrocarbons, or any combination of the foregoing, sulfur extracted from hydrocarbons, and all other Lease substances.

“Imbalances” means over-production or under-production or over-deliveries or under-deliveries with respect to Hydrocarbons produced from or allocated to the Properties, regardless of whether such over-production or under-production or over-deliveries or under-deliveries arise at the wellhead, pipeline, gathering system, transportation system, processing plant, or other location, including any imbalances under gas balancing or similar agreements, imbalances under production handling agreements, imbalances under processing agreements,

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imbalances under the Assigned Leases and Interests, and imbalances under gathering or transportation agreements.

"Inactive Employee" has the meaning set forth in Section 8.6(a).

"Individual Environmental Defect Threshold" means [Two Hundred Thousand Dollars (\$200,000)] per occurrence.

"Individual Title Defect Threshold" means [Two Hundred Thousand Dollars (\$200,000)] per occurrence.

"Intellectual Property" means all intellectual property, including all Copyrights, Patents and Trademarks, owned, used or licensed by Sellers and used or held for use exclusively in the ownership and operation of the Oil and Gas Assets, excluding any geological, geophysical and seismic data.

"Knowledge" means (i) with respect to the Sellers, the actual knowledge (without any duty of inquiry) of any of the following individuals: _____, and (ii) with respect to Buyer, the actual knowledge (without any duty of inquiry) of any of the following individuals: _____.

"Lease" means any existing oil and gas lease, oil, gas and mineral lease, sublease, and other leasehold interest, and the leasehold estates created thereby, including carried interests, rights of recoupment, options, reversionary interests, convertible interests, and rights to reassignment.

"Legal Requirement" means any federal, state, provincial, local, municipal, foreign, international, multinational, or other administrative Order, constitution, law, ordinance, principle of common law, regulation, statute or treaty.

"Liability" mean any debt, loss, claim, damage, demand, fine, judgment, penalty, liability or obligation (whether known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due).

"Lowest Cost Response" means the response required or allowed under Environmental Laws or that a reasonable and prudent operator would undertake that addresses the Environmental Defect at the lowest cost (considered as a whole, taking into consideration any material negative impact such response may have on the operations of the relevant Property and any potential material additional costs or liabilities that may likely arise as a result of such response) as compared to any other response that is required or allowed under any Environmental Laws in effect on the date hereof or that a reasonable and prudent operator might undertake, as applicable. The Lowest Cost Response shall include taking no action, leaving the condition unaddressed, periodic monitoring or the recording of notices in lieu of remediation, if such responses are allowed under Environmental Laws. The Lowest Cost Response shall not include (and Sellers shall have no liability for) (i) the costs of Buyer's and/or its Affiliates' representatives, (ii) expenses for matters that are costs of doing business, e.g., those costs that would ordinarily be incurred in the day-to-day operations of the Oil and Gas Assets, or in connection with permit renewal/amendment activities, maintenance on active RCRA waste

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management units, and operation and oversight of active RCRA waste management units, (iii) overhead costs of Buyer and/or its Affiliates, (iv) costs and expenses that would not have been required under Environmental Laws as they exist at the Effective Time, (v) costs or expenses incurred in connection with remedial or corrective action that is designed to achieve standards that are more stringent than those required for similar properties or that fails to reasonably take advantage of applicable risk reduction or risk assessment principles allowed under applicable Environmental Laws, and/or (vi) any costs or expenses relating to the assessment, remediation, removal, abatement, transportation and disposal of any asbestos, asbestos containing materials or naturally occurring radioactive materials ("NORM").

"Material Adverse Effect" means any change, event or occurrence that individually or in the aggregate (taking into account all other such changes, events or occurrences) has had, or would be reasonably likely to have, a material adverse change in or material adverse effect on the Oil and Gas Assets or the Company's business (excluding the Excluded Assets and the Excluded Liabilities), in each case taken as a whole, but excluding (a) any change or effect to the extent that it results from or arises out of (i) the pendency of the Bankruptcy Case; (ii) the execution and delivery of this Agreement or the announcement thereof or consummation of the transactions contemplated hereby; (iii) changes in (or proposals to change) Legal Requirements, generally accepted accounting principles or other accounting regulations or principles; (iv) acts of God, including hurricanes, storms and other natural disasters; or (v) any action contemplated by this Agreement or taken at the request of Buyer; (b) any change or effect generally applicable to (i) the industries and markets in which any Sellers operate or (ii) economic or political conditions or the securities or financial markets in any country or region; and (c) any outbreak or escalation of hostilities or war or any act of terrorism.

"Material Assigned Contracts" means, to the extent that they relate to the Oil and Gas Assets, the following: (a) any Assigned Contract that can reasonably be expected to result in aggregate payments by or revenues to Sellers or Buyer with respect to the Oil and Gas Assets of more than \$200,000 during the current or any subsequent fiscal year (based solely on the terms thereof and without regard to any expected increase in volumes or revenues); (b) Hydrocarbon purchase and sale, exchange, marketing, compression, gathering, transportation, processing, refining, or similar Assigned Contracts (in each case) to which a Seller is a party (or to which any portion of the Oil and Gas Assets is subject) with respect to Hydrocarbons from the Oil and Gas Assets that is not terminable without penalty on ninety days or less notice (including any Assigned Contract providing for volumetric or monetary commitments or indemnification therefor or for dedication of future production); (c) any Assigned Contract binding upon Sellers to sell, lease, farmout, or otherwise dispose of or encumber any interest in any of the Oil and Gas Assets after the date hereof, other than conventional rights of reassignment arising in connection with a Seller's surrender or release of any of the Oil and Gas Assets (except where any such right of reassignment has been triggered prior to the Effective Time); (d) any Assigned Contracts that would obligate Buyer to drill additional wells or conduct other material development operations after the Closing; (e) any Assigned Contracts that constitute a non-competition agreement or any agreement that purports to restrict, limit, or prohibit the manner in which, or the locations in which, Sellers conduct business, including areas of mutual interest; (f) any Assigned Contracts providing for any call upon, option to purchase, or similar rights with respect to the Oil and Gas Assets or to the production therefrom or the processing thereof, or is a dedication of production

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or otherwise requires production to be transported, processed, or sold in a particular fashion; (g) any Assigned Contract that constitutes a joint or unit operating agreement; (h) any Assigned Contract that constitutes a farmout agreement, partnership agreement, participation agreement, joint venture agreement, or similar Contract, and (i) any Assigned Contract between a Seller and another Seller or any Affiliate of another Seller.

“Mineral Interests” means all mineral fee interests, mineral rights, and mineral servitudes in which Sellers own an interest, including royalty interests, overriding royalty interests, net profit interests, production payments, and without limiting the foregoing, other rights of whatever nature, whether legal or equitable, whether vested or contingent.

“Net Revenue Interest” means, for any Well, the applicable Seller’s share of the Hydrocarbons produced, saved and marketed therefrom (after satisfaction of all other royalties, overriding royalties, nonparticipating royalties, net profits interests, or other similar burdens on or measured by production of Hydrocarbons).

“NORM” has the meaning set forth in the definition of “Lowest Cost Response”.

“Office Lease” has the meaning set forth in Section 2.1(b)(xiii).

“Oil and Gas Assets” has the meaning set forth in Section 2.1(b).

“Order” means any award, writ, injunction, judgment, order or decree entered, issued, made, or rendered by any Governmental Authority.

“Outside Date” has the meaning set forth in Section 11.1(a)(iii).

“Party” or “Parties” means, individually or collectively, Buyer and Sellers.

“Patents” means United States and foreign patents and patent applications, as well as any continuations, continuations-in-part, divisions, extensions, reexaminations, reissues, renewals and patent disclosures related thereto.

“Paying Party” has the meaning set forth in Section 8.1(c).

“Permits” has the meaning set forth in Section 2.1(b)(vi).

“Permitted Encumbrances” means any of the following: (a) any rights, obligations, or duties reserved to or vested in any municipality or other Governmental Authority to: (1) control or regulate any Oil and Gas Asset in any manner including all applicable Legal Requirements, (2) purchase, condemn, expropriate, or recapture any Oil and Gas Asset, (3) designate a purchaser of any Oil and Gas Asset, or (4) use any Oil and Gas Asset in any manner, except to the extent such use operates to reduce the applicable Net Revenue Interest in a Well below that shown in Exhibit B, or increase the applicable Working Interest in a Well above that shown in Exhibit B, without a proportionate increase in the applicable Net Revenue; (b) the terms and conditions of all options, servitudes, contracts for sale, purchase, exchange, refining or processing of Hydrocarbons, operating agreements, unitization, pooling, and communitization agreements, farmins, farmouts, area of mutual interest agreements, declarations, or orders,

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construction agreements, construction and operation agreements, participation agreements, shoot-to-earn agreements, exploration agreements, partnership agreements, processing agreements, plant agreements, pipeline, gathering, exchange, and transportation agreements, disposal agreements, permits, licenses, and any other agreements affecting the Oil and Gas Assets, including those set forth as Assigned Contracts on Exhibit D, but only to the extent that they do not, either individually or in the aggregate, (1) operate to reduce the applicable Net Revenue Interest in a Well below that shown in Exhibit B, or increase the applicable Working Interest in a Well above that shown in Exhibit B without a proportionate increase in the applicable Net Revenue Interest in such Well, or (2) except in the case of Assigned Contracts listed on Exhibit D adversely affect the ownership and/or operation of the affected Oil and Gas Assets (as currently used or owned) in any material respect; (c) any consent applicable to the transactions contemplated hereby; (d) easements, rights-of-way, servitudes, permits, surface leases, and other similar rights on, over, or in respect of any of the Oil and Gas Assets, as long as any such encumbrances, individually or in the aggregate, do not interfere in any material respect with Sellers' use or operation of the Oil and Gas Assets (as currently used or operated) burdened thereby; (e) all royalties, overriding royalties, production payments, net profits interests, reversionary interests, carried interests, and other burdens with respect to a Well if the net cumulative effect of such burdens does not operate to reduce the Net Revenue Interest in such Well below that shown in Exhibit B, or increase the Working Interest in such Well above that shown in Exhibit B without a proportionate increase in the Net Revenue Interest in such Well; (f) defects or irregularities of title (i) as to which the relevant statute(s) of limitations or prescription would bar any attack or claim against such Seller's title, (ii) arising out of lack of corporate authorization or a variation in corporate name, (iii) consisting of the failure to recite marital status or omissions of heirship proceedings in documents, or (iv) resulting from lack of survey or failure to record releases of liens, production payments, or mortgages that have expired by their own terms; (g) liens or other Encumbrances for Taxes not yet due and payable or that are being contested in good faith; (h) materialman's, mechanic's, repairman's, employee's, contractor's, operator's, and other similar liens or Encumbrances arising in the ordinary course of business for payments not yet delinquent that are inchoate and have not been perfected pursuant to law or that are contained in joint operating agreements or similar agreements covering the Oil and Gas Assets or if delinquent, that are being contested in good faith; (i) Imbalances; (j) plugging and surface restoration obligations; (k) all rights to consent or approval by, required notices to, filings with, or other actions by, Governmental Authorities in connection with the conveyance of the Assigned Leases and Interests, if the same are customarily sought and received after the Closing; (l) calls on Hydrocarbon production under any Assigned Contracts; (m) the terms and conditions of the Assigned Leases and Interests, including any depth limitations or similar limitations that may be set forth therein and any liens or security interests reserved in the Assigned Leases and Interests for royalty, bonus, or rental, or for compliance with the terms of the Assigned Leases and Interests; (n) liens, obligations, defects, irregularities, or other Encumbrances affecting the Oil and Gas Assets that would be waived by an ordinary prudent operator or company experienced in the acquisition or divestiture of producing properties; (o) mortgages on the lessor's interest under an Assigned Lease and Interest; (p) subject to Section 8.11, Preferential Purchase Rights; (q) such other defects or irregularities of title or Encumbrances or other matter (whether or not constituting a Title Defect) cured by Sellers or waived in writing or deemed waived by Buyer pursuant to Article 12; (r) any maintenance of uniform interest provision in an operating agreement if waived by the party or parties having the right to enforce such provision

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or if the violation of such provision would not give rise to the unwinding of the sale of the affected Oil and Gas Asset from the applicable Seller to Buyer; (s) liens or trusts arising in connection with workers' compensation, unemployment insurance, or pension; (t) conventional rights of reassignment obligating the applicable Seller to reassign its interest in any portion of the Assigned Leases and Interests to a third party, if such right is only triggered when Buyer expressly indicates its intention to release or abandon such interest prior to the expiration of the primary term or other termination of such interest; and (u) any Encumbrances that will be released by the Sale Order.

"Person" means any individual, corporation (including any non-profit corporation), partnership, limited liability company, joint venture, estate, trust, association, organization or other entity or Governmental Authority.

"Petition Date" means March 17, 2015.

"Phase I Environmental Site Assessment" means a Phase I environmental property assessment of the Oil and Gas Assets that satisfies the basic assessment requirements set forth under the current ASTM International Standard Practice for Environmental Site Assessments (Designation E1527-13).

"Preferential Purchase Right" means any right or agreement that enables any Person to purchase or acquire any Oil and Gas Asset or any interest therein or portion thereof as a result of or in connection with the execution or delivery of this Agreement or the consummation of the transactions contemplated hereby.

"Preliminary Settlement Statement" means that certain statement provided by Sellers to Buyer pursuant to Section 8.13, as amended (if applicable) by mutual agreement prior to Closing, setting forth those initial adjustments to the Base Purchase Price made at Closing.

"Proceeding" means any Action, arbitration, audit, hearing, investigation, litigation, or suit (whether civil, criminal, administrative or investigative) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Authority.

"Properties" has the meaning set forth in Section 2.1(b)(ii).

"Purchase Price" has the meaning set forth in Section 3.1.

"RCRA" has the meaning set forth in the definition of "Environmental Laws".

"Records" has the meaning set forth in Section 2.1(b)(x).

"Reimbursing Party" has the meaning set forth in Section 8.1(c).

"Release" means any past or present spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing of a Hazardous Substance into the environment (including the abandonment or discharging of barrels, containers and other closed receptacles containing any Hazardous Substance).

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“Representative” means, with respect to a particular Person, any director, officer, employee, agent, consultant, advisor or other representative of such Person, including legal counsel, accountants and financial advisors.

“Sale Motion” means the motion filed on September 17, 2015 pursuant to, *inter alia*, Sections 105, 363 and 365 of the Bankruptcy Code seeking entry of the Bidding Procedures Order and the Sale Order and approval of the transactions contemplated by this Agreement.

“Sale Order” means an Order of the Bankruptcy Court, in form and substance approved by Buyer (such approval not to be unreasonably withheld or conditioned so long as the Order is not inconsistent with, and does not limit the rights and protections of Buyer under, this Agreement), pursuant to, *inter alia*, Sections 105, 363 and 365 of the Bankruptcy Code authorizing and approving, *inter alia*, the sale of the Oil and Gas Assets to Buyer on the terms and conditions set forth herein, free and clear of all Encumbrances (other than Permitted Encumbrances), and the assumption and assignment of the Assigned Contracts and the Assigned Leases and Interests to Buyer, and containing a finding that Buyer has acted in “good faith” within the meaning of Section 363(m) of the Bankruptcy Code, a proposed version of which Order is to be filed by Sellers with the Bankruptcy Court as soon as reasonably practicable prior to the hearing on the Sale Motion.

“Securities Act” means the Securities Act of 1933, as amended.

“Security Arrangements” has the meaning set forth in Section 8.5(c).

“Seller Parties” means Sellers, their respective Affiliates and the former, current or future equity holders and Representatives of each of the foregoing.

“Seller Termination Notice” has the meaning set forth in Section 11.1(c)(i).

“Sellers” has the meaning set forth in the introductory paragraph.

“Sellers’ Obligations” has the meaning set forth in Section 8.5(c).

“Straddle Period” has the meaning set forth in Section 8.1(b).

“Subsidiary” means any entity with respect to which a specified Person directly or indirectly (through one or more intermediaries) has the power, through the direct or indirect ownership of securities or otherwise, to elect a majority of the directors or similar managing body.

“Surface Interests” means all surface leases, subsurface leases, rights-of-way, licenses and easements applicable to, or used or held in connection with the ownership, operation, maintenance or repair of, or the production, gathering, treatment, processing, storing, sale or disposal of Hydrocarbons or produced water from, the Properties, together with all surface fee interests in the lands covered by the Assigned Leases and Interests, excluding any surface use agreements and other surface or subsurface rights agreements.

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"Suspense Funds" means proceeds of production and interest in respect of any of the Oil and Gas Assets that are payable to third parties and are being held in suspense by any Seller as the operator of such Oil and Gas Assets.

"Tax" or "Taxes" (and with correlative meaning, "Taxable" and "Taxing") means (i) any federal, state, provincial, local, foreign or other income, alternative, minimum, add-on minimum, accumulated earnings, personal holding company, franchise, capital stock, net worth, capital, profits, intangibles, windfall profits, gross receipts, value added, sales, use, goods and services, excise, customs duties, transfer, conveyance, mortgage, registration, stamp, documentary, recording, premium, severance, environmental (including taxes under Section 59A of the Code), natural resources, real property, personal property, ad valorem, intangibles, rent, occupancy, license, occupational, employment, unemployment insurance, social security, disability, workers' compensation, payroll, health care, withholding, estimated or other tax of any kind whatsoever, whether computed on a separate or consolidated, unitary or combined basis, or in any other manner, including any interest, penalty or addition thereto, whether disputed or not.

"Tax Allocation" has the meaning set forth in Section 8.2.

"Tax Return" means any return, declaration, report, claim for refund, information return or other document (including any related or supporting estimates, elections, schedules, statements, or information) filed or required to be filed in connection with the determination, assessment or collection of any Tax or the administration of any laws, regulations or administrative requirements relating to any Tax.

"Title Defect" means any Encumbrance or defect in Sellers' title to a Property that renders Sellers' title to such Property to be less than Defensible Title.

"Title Defect Amount" has the meaning set forth in Section 12.2.

"Title Defect Notice" has the meaning set forth in Section 12.1.

"Title Referee" has the meaning set forth in Section 12.5(c).

"Trademarks" means United States, state and foreign trademarks, service marks, logos, slogans, trade dress and trade names, Internet domain names and any other similar designations of source of goods or services, whether registered or unregistered, and registrations and pending applications to register the foregoing, and all goodwill related to or symbolized by the foregoing.

"Transaction Documents" means this Agreement and any other agreements, instruments or documents entered into pursuant to this Agreement.

"Transfer Taxes" has the meaning set forth in Section 8.1(a).

"Transferred Employees" has the meaning set forth in Section 8.6(a).

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“Uncured” means a Title Defect that has not been Cured as set forth in this Agreement.

“WARN Act” means the Worker Adjustment and Retraining Notification Act of 1988, as amended, any similar Legal Requirement and the rules and regulations thereunder.

“Wells” has the meaning set forth in Section 2.1(b)(ii).

“Working Interest” means, for any Well, that share of costs and expenses associated with the exploration, maintenance, development and operation of such Well that the applicable Seller is required to bear and pay.

1.2 Other Definitions and Interpretive Matters.

(a) Unless otherwise expressly provided, for purposes of this Agreement, the following rules of interpretation shall apply:

Calculation of Time Period. When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is a day other than a Business Day, the period in question shall end on the next succeeding Business Day.

Dollars. Any reference in this Agreement to \$ means United States dollars.

Exhibits/Schedules/Disclosure Schedules. All Exhibits, Schedules and Disclosure Schedules attached or annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Exhibit, Schedule or Disclosure Schedule but not otherwise defined therein shall be defined as set forth in this Agreement.

Gender and Number. Any reference in this Agreement to gender includes all genders, and words imparting only the singular number include the plural and vice versa.

Headings. The provision of a table of contents, the division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect or be utilized in the construction or interpretation of this Agreement. All references in this Agreement to any “Section” or “Article” are to the corresponding Section or Article of this Agreement unless otherwise specified.

Herein. Words such as “herein,” “hereof” and “hereunder” refer to this Agreement as a whole and not merely to a subdivision in which such words appear, unless the context otherwise requires.

Including. The word “including” or any variation thereof means “including, without limitation,” and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it.

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(b) No Strict Construction. Buyer, on the one hand, and Sellers, on the other hand, participated jointly in the negotiation and drafting of this Agreement, and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by Buyer, on the one hand, and Sellers, on the other hand, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement. Without limitation as to the foregoing, no rule of strict construction construing ambiguities against the draftsman shall be applied against any Person with respect to this Agreement.

ARTICLE 2

PURCHASE AND SALE

2.1 Purchase and Sale.

(a) Upon the terms and subject to the conditions of this Agreement, on the Closing Date, Sellers (as applicable) shall sell, transfer, assign, convey and deliver, or cause to be sold, transferred, assigned, conveyed and delivered, to Buyer, and Buyer shall purchase from Sellers, free and clear of all Encumbrances (other than Permitted Encumbrances), the Oil and Gas Assets.

(b) The "Oil and Gas Assets" shall include all right, title and interest of Sellers in, to or under the following:

(i) all Leases (other than the Excluded Leases) and Mineral Interests (other than the Excluded Mineral Interests), including (1) the Leases and Mineral Interests described on Exhibit A attached hereto, and (2) those Leases and Mineral Interests located in or under (y) the lands covered by the Leases and/or Mineral Interests described on Exhibit A attached hereto, and (z) the Leases and lands included in any units with which the Leases, the Mineral Interests, or the lands covered thereby may have been pooled, unitized or communitized (collectively, the "Assigned Leases and Interests");

(ii) the oil, gas, water, disposal, observation or injection wells located on the Assigned Leases and Interests, whether producing, non-producing, shut-in, or temporarily abandoned, including, without limitation, those described on Exhibit B (collectively, the "Wells"), and together with the Assigned Leases and Interests, the "Properties";

(iii) all Hydrocarbons produced from or attributable to the Properties and not yet past a custody transfer point at the Effective Time or produced on and after the Effective Time, and all proceeds attributable thereto;

(iv) all equipment, machinery, fixtures and other tangible personal property and improvements located on, used or held for use or obtained in connection with the ownership or operation of the Properties, including tanks, boilers, plants, buildings, field offices and other structures, fixtures, injection facilities, saltwater disposal facilities, compressors and other compression facilities (whether installed or not), pumping units, flow lines, pipelines, gathering systems, Hydrocarbon treating or processing systems or facilities, meters, machinery, power and other utility lines, roads, computer and automation equipment, telecommunications

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equipment, field radio telemetry and associated frequencies and licenses, pressure transmitters, central processing equipment, tools, spare parts, warehouse stock, and the vehicles and other rolling stock identified on Exhibit C (and all equipment used in connection with such rolling stock, including safety equipment, special tools, dynamometers, hand tools and fluid level equipment), and other appurtenances, improvements and facilities (collectively, the "Equipment");

(v) all pipes, casing, tubing, tubulars, fittings, and other spare parts, supplies, tools, and materials located on, used or held for use on or held as inventory in connection with the ownership or operation of the Properties and Equipment;

(vi) to the extent transferable pursuant to applicable Legal Requirements, all governmental (whether federal, state or local) permits, licenses, authorizations, franchises, grants, easements, variances, exceptions, consents, certificates, approvals and related instruments or rights of any Governmental Authority or other third party, and any writ, judgment, decree, award, order, injunction or similar order, writ, ruling, directive or other requirement of any Governmental Authority (in each such case whether preliminary or final) required of any Seller for the ownership, operation or use of the Properties or Equipment (collectively, the "Permits");

(vii) all Contracts (other than the Excluded Contracts) including sales and purchase contracts, operating agreements, exploration agreements, development agreements, seismic licenses, balancing agreements, farmout agreements, service agreements, transportation, surface use agreements and other surface or subsurface rights agreements, processing, treatment and gathering agreements, equipment leases and other contracts, agreements and instruments, including the Contracts described on Exhibit D attached hereto, insofar as they relate to any other Oil and Gas Asset (collectively, the "Assigned Contracts");

(viii) all Surface Interests (other than Excluded Surface Interests), including those described on Exhibit E attached hereto, insofar as they relate to any other Oil and Gas Asset (collectively, the "Assigned Surface Interests"),

(ix) except with respect to the Excluded Assets and the Excluded Liabilities, all claims, refunds, abatement, variances, allocations, causes of action, claims for relief, choses in action, rights of recovery, rights of set-off, rights of indemnity, contribution or recoupment, counter-claims, cross-claims and defenses of any Seller to the extent related to the Oil and Gas Assets and arising or relating to events occurring from and after the Effective Time or related to the Assumed Liabilities;

(x) all information, books, databases, files, records and data (whether in written or electronic format) relating directly to any Oil and Gas Asset and to any Assumed Liabilities (collectively, the "Records"), which Records shall include all reservoir, land, operation and production files and records, inclusive of lease records, well records, division order records, property ownership reports and files, contract files and records, well files, title records (including abstracts of title, title opinions and memoranda, and title curative documents), correspondence, production records, prospect files and other prospect information, supplier lists and files, customer lists and files; and all other data including proprietary and non-proprietary

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engineering, geological, geophysical and seismic data, files and records (but only to the extent transferable without material restriction (including a material restriction against assignment without prior consent)), inclusive of maps, logs, core analysis, formation tests, cost estimates, studies, plans, prognoses, surveys and reports, and including raw data and any interpretive data or information relating to the foregoing, and any other proprietary data in the actual possession or control of any Seller or which any Seller has the right to obtain (either without the payment of money or delivery of other consideration or unduly burdensome effort or, upon Buyer's written election, at Buyer's expense) and relating to the ownership, operation, development, maintenance or repair of, or the production, gathering, treatment, processing, storing, sale or disposal of Hydrocarbons or produced water from, the other Oil and Gas Assets; provided, that if any Records can only be assigned to Buyer with a fee or penalty, Buyer shall bear responsibility for such fee or penalty;

(xi) all trade credits, accounts receivable, note receivables, take or pay amounts receivable, and other receivables attributable to the other Oil and Gas Assets, with respect to any period of time on and after the Effective Time;

(xii) all Suspense Funds; and

(xiii) that certain Office Lease dated April 5, 2010, by and between Behringer Harvard Burnett Plaza LP, as landlord, and Company, as tenant, as amended, and any subleases thereof, together with all materials, supplies, machinery, equipment, improvements, furniture, fixtures and other personal property located on the property leased thereby (collectively, the "Office Lease").

2.2 Excluded Assets.

Notwithstanding the foregoing, the Oil and Gas Assets shall not include, and there is excepted, reserved and excluded from the transaction contemplated hereby, the following (collectively, the "Excluded Assets"):

- (a) the Purchase Price delivered to Sellers pursuant to this Agreement;
- (b) all cash and cash equivalents, including checks, commercial paper, treasury bills, certificates of deposit, bank accounts and other bank deposits as of the Closing Date, in each case, excluding the Suspense Funds, and any item described in Schedule 2.2(b);
- (c) all trade credits, accounts receivable, note receivables, take or pay amounts receivable, and other receivables attributable to the Oil and Gas Assets with respect to any period of time prior to the Effective Time;
- (d) all Hydrocarbons produced from or attributable to the Properties prior to the Effective Time, including marketable Hydrocarbons produced from or attributable to the Properties in storage tanks as of the Effective Time, and Hydrocarbons past a custody transfer point at the Effective Time, and all proceeds attributable thereto;

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(e) any shares of capital stock or other equity interest of any Seller or any of Sellers' Subsidiaries or any securities convertible into, exchangeable or exercisable for shares of capital stock or other equity interest of any Seller or any of Sellers' Subsidiaries;

(f) all minute books, stock ledgers, corporate seals and stock certificates of Sellers;

(g) all (i) corporate, financial, Tax and legal records of any Seller that relates to such Seller's business generally (excepting the same to the extent relating to the Assumed Liabilities and the Oil and Gas Assets) and (ii) books, records and files that relate to any Excluded Assets;

(h) all Excluded Leases and all Excluded Mineral Interests;

(i) all Excluded Contracts;

(j) all Excluded Surface Interests;

(k) all rights to any refunds of Taxes (or other related costs or expenses) that are borne by or the responsibility of any Seller or attributable to any Tax asset of any Seller;

(l) any refunds due to any Seller by a third party for any overpayment of rentals, royalties, excess royalty interests or production payments attributable to the Oil and Gas Assets with respect to any period of time prior to the Effective Time;

(m) subject to Section 8.9(b), all insurance policies and rights to proceeds thereof;

(n) all Permits and pending applications therefor to the extent related to any other Excluded Asset or the Excluded Liabilities;

(o) all prepayments, good faith and other bid deposits submitted by any third party under the terms of the Bidding Procedures Order;

(p) all claims, refunds, abatement, variances, allocations, causes of action, claims for relief, choses in action, rights of recovery, rights of set-off, rights of indemnity, contribution or recoupment, counter-claims, cross-claims and defenses of any Seller other than those constituting Oil and Gas Assets;

(q) all rights, claims or causes of action by or in the right of Seller against any current or former director or officer of Seller;

(r) the Avoidance Actions;

(s) all claims and causes of action of any Seller (i) arising from acts, omissions, or events, or damage to or destruction of property occurring prior to the Effective Time, or (ii) affecting any of the other Excluded Assets; and

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(t) any rights, claims or causes of action of Sellers under this Agreement or any other Transaction Document.

2.3 Assumed Liabilities.

Upon the terms and subject to the conditions of this Agreement, on the Closing Date, Buyer shall execute and deliver to Sellers the Assumption Agreement in the form attached hereto as **Exhibit F** (the "Assumption Agreement") pursuant to which Buyer shall assume and agree to discharge, when due (in accordance with their respective terms and subject to the respective conditions thereof), only the following Liabilities (collectively, the "Assumed Liabilities") and no others:

(a) Assigned Contracts. All of the Sellers' Liabilities under the Assigned Contracts, whether such Liabilities arise prior to, at, or after the Effective Time.

(b) Properties. All of the Sellers' Liabilities under the Properties (including plugging and abandonment obligations), whether such Liabilities arise prior to, at, or after the Effective Time.

(c) Assigned Surface Interests. All of the Sellers' Liabilities under the Assigned Surface Interests, whether such Liabilities arise prior to, at, or after the Effective Time.

(d) Cure Costs. All Cure Costs.

(e) Suspense Funds. All of the Sellers' Liabilities in connection with the Suspense Funds.

(f) Office Lease. All of the Sellers' Liabilities arising under the Office Lease.

(g) Buyer Taxes. All Taxes with respect to the Oil and Gas Assets, except Asset Taxes that are the responsibility of the Sellers pursuant to Section 8.1(b).

(h) Transfer Taxes. All Transfer Taxes.

(i) Assumed Accounts Payables. All Assumed Accounts Payables.

(j) Transferred Employees. All Liabilities relating to Transferred Employees (including those arising under the Assumed Benefit Plans).

(k) WARN Act. All Liabilities under the WARN Act with respect to the Company's and its Subsidiaries' employees for the time period on or after the Closing Date.

(l) Other Oil and Gas Assets. To the extent not already described in 2.3(a) through (j) above, all Liabilities arising from, related to, or associated with the Oil and Gas Assets, whether such Liabilities arise prior to, at, or after the Effective Time.

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The assumption by Buyer of the Assumed Liabilities shall not, in any way, enlarge the rights of any third parties relating thereto.

2.4 Excluded Liabilities.

Notwithstanding any provision in this Agreement to the contrary, Buyer shall not assume and shall not be obligated to assume or be obliged to pay, perform or otherwise discharge any Liability of Sellers, and Sellers shall be solely and exclusively liable with respect to all Liabilities of Sellers, other than the Assumed Liabilities (such Liabilities other than Assumed Liabilities, collectively, the "Excluded Liabilities"). For purposes of clarity, and without limitation of the generality of the foregoing, the Excluded Liabilities shall include, without limitation, each of the following Liabilities of Sellers, other than the Assumed Liabilities:

- (a) all indebtedness for borrowed money of Sellers;
- (b) all guarantees of third party obligations by Sellers and reimbursement obligations to guarantors of Sellers' obligations or under letters of credit;
- (c) all accrued expenses and accounts payables, other than the Assumed Accounts Payables;
- (d) Asset Taxes that are the responsibility of the Sellers pursuant to Section 8.1(b);
- (e) those Actions and Proceedings set forth on Disclosure Schedule 5.15;
- (f) all Liabilities of Sellers to any owner or former owner of capital stock or warrants, or holder of indebtedness for borrowed money;
- (g) all Liabilities relating to Inactive Employees;
- (h) drafts or checks outstanding at the Closing;
- (i) any claims to the extent related to the Excluded Assets; and
- (j) All Liabilities under the WARN Act with respect to the Company's and its Subsidiaries' employees for the time period prior to the Closing Date.

2.5 Cure Costs.

On or prior to the Closing, Buyer shall pay, pursuant to Section 365 of the Bankruptcy Code and the Sale Order, any and all cure and reinstatement costs or expenses relating to the assignment and assumption of the Assigned Contracts and Assigned Leases and Interests (the "Cure Costs") to which any Seller is a party and which are included in the Oil and Gas Assets.

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2.6 Assignment of Oil and Gas Assets Subject to Consent Requirements.

If prior to the Closing Date any consent to assignment applicable to the transactions contemplated hereby (other than governmental consents or approvals customarily obtained post-Closing) has not been obtained, and further, the document setting forth the need to obtain such consent provides that such consent may be withheld for any reason or failure to obtain such third party consent may result in the termination of a Lease, including causing such to be void or voidable (each such third party consent, a "Hard Consent"), each Oil and Gas Asset affected by such Hard Consent shall be held back from the Oil and Gas Assets conveyed at Closing without reduction to the Base Purchase Price. Any Oil and Gas Asset so held back at the Closing will be conveyed to Buyer within ten Business Days after such Hard Consent has been obtained, waived or otherwise satisfied. At such subsequent closing, Sellers shall contribute, assign, transfer and convey to Buyer, and Buyer shall acquire and accept from Seller, such Property pursuant to the terms of this Agreement. Except for Hard Consents, if any consents to the assignment of any Oil and Gas Asset are not obtained prior to Closing, then with respect to each affected Oil and Gas Asset, the affected Oil and Gas Assets shall nevertheless be sold and conveyed to Buyer at the Closing and Buyer shall pay for the affected Oil and Gas Asset(s) at Closing in accordance with this Agreement as though the Consent had been obtained. In the case of licenses, certificates, approvals, authorizations, Leases, Contracts and other commitments included in the Oil and Gas Assets (i) that cannot be transferred or assigned without the Hard Consent of third parties, which Hard Consent has not been obtained prior to the Closing (after giving effect to the Sale Order and the Bankruptcy Code), Sellers shall, at Buyer's sole expense and subject to any approval of the Bankruptcy Court that may be required, reasonably cooperate with Buyer in endeavoring to obtain such Hard Consent and, if any such Hard Consent is not obtained, Sellers shall, following the Closing, at Buyer's sole expense and subject to any approval of the Bankruptcy Court that may be required, cooperate with Buyer in all reasonable respects to provide to Buyer the benefits thereof in some other manner, or (ii) that are otherwise not transferable or assignable (after giving effect to the Sale Order and the Bankruptcy Code), Sellers shall, following the Closing, at Buyer's sole expense and subject to any approval of the Bankruptcy Court that may be required, reasonably cooperate with Buyer to provide to Buyer the benefits thereof in some other manner (including the exercise of the rights of Sellers thereunder); *provided* that nothing in this Section 2.6 shall (x) require Sellers to make any expenditure or incur any obligation on their own or on behalf of Buyer for which funds in the full amount of such expenditure or obligation are not provided to Sellers by Buyer in advance in cash or (y) prohibit any Seller from ceasing operations or winding up its affairs following the Closing.

2.7 Further Assurances.

The Parties agree to (a) furnish upon request to each other such further information, (b) execute, acknowledge and deliver to each other such other documents, and (c) do such other acts and things, all as the other Party may reasonably request for the purpose of carrying out the intent of this Agreement and the Transaction Documents; *provided* that nothing in this Section 2.7 shall prohibit any Seller from ceasing operations or winding up its affairs following the Closing.

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ARTICLE 3

PURCHASE PRICE

3.1 Purchase Price.

The purchase price for the purchase, sale, assignment and conveyance of Sellers' right, title and interest in, to and under the Oil and Gas Assets shall consist of the following (collectively, the "Base Purchase Price"):

- (a) cash in an amount equal to \$[•]; and
- (b) the assumption of the Assumed Liabilities.

Notwithstanding the foregoing, the Base Purchase Price shall be adjusted as provided in Section 8.9(b), Section 8.12 and Article 12 hereof (as adjusted, the "Purchase Price"). The cash components of the Purchase Price shall be delivered by Buyer as set forth in Section 4.2.

ARTICLE 4

CLOSING

4.1 Closing Date.

Upon the terms and subject to the conditions hereof, the closing of the sale of the Oil and Gas Assets and the assumption of the Assumed Liabilities contemplated hereby (the "Closing") shall take place at 9:00 a.m., Central Standard Time, at the offices of Akin Gump Strauss Hauer & Feld LLP, 1700 Pacific Avenue, Suite 4100, Dallas, Texas 75201, no later than three Business Days following the date on which the conditions set forth in Article 9 and Article 10 have been satisfied or, if permissible, waived, excepting the conditions which by their nature are to be satisfied at the Closing, but subject to the satisfaction or, if permissible, waiver of such conditions. The date and time at which the Closing actually occurs is hereinafter referred to as the "Closing Date."

4.2 Payment on the Closing Date.

Subject to satisfaction or, if permissible, waiver of the conditions set forth in Article 9 and Article 10, at the Closing, Buyer shall pay, or cause to be paid, the cash components of the Purchase Price by wire transfer of immediately available funds to an account specified in writing by the Sellers prior to the Closing Date.

4.3 Buyer's Deliveries.

At the Closing, Buyer shall deliver or cause to be delivered to Sellers (or such other Persons where so designated):

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- (a) the cash consideration referenced in Section 3.1(a) to the Sellers in accordance with Section 4.2;
- (b) the Assumption Agreement, duly executed by Buyer or an Affiliate of Buyer;
- (c) a copy of Buyer's [certificate of formation], certified as of a recent date by the Secretary of State of the State of [•];
- (d) a copy of Buyer's [insert applicable company operating agreement] as in effect on the Closing Date;
- (e) a certificate of good standing of Buyer issued as of a recent date by the Secretary of State of the State of [•];
- (f) a certificate of the corporate secretary of Buyer, dated the Closing Date, in form and substance reasonably satisfactory to Sellers, as to (A) there having been no amendments to the [certificate of formation] of Buyer since the date of the certified [certificate of formation] delivered pursuant to Section 4.3(d); (B) Buyer's authorization to execute and perform its obligations under the Transaction Documents to which Buyer is a party; and (C) incumbency and signatures of the [] of Buyer executing the Transaction Documents;
- (g) each other Transaction Document to which Buyer is a party, duly executed (and acknowledged, where applicable) by Buyer, including the Assignment, letters-in-lieu of transfer orders to be prepared by Buyer, change of operator forms to be prepared by Sellers, change of operator notices required under applicable operating agreements, and any other applicable forms and declarations required by federal and state agencies relative to Buyer's assumption of operations and plugging and abandonment Liabilities with respect to all of the Oil and Gas Assets;
- (h) the certificates of Buyer to be received by Sellers pursuant to Sections 10.1 and 10.3;
- (i) a counterpart of the Preliminary Settlement Statement executed by Buyer;
- (j) evidence (including evidence of satisfaction of all applicable bonding or insurance requirements) as Sellers may reasonably request demonstrating that Buyer is qualified with the applicable Governmental Authorities and pursuant to any applicable operating agreement to succeed Sellers as the owners and, where applicable, the operator of the Oil and Gas Assets;
- (k) evidence reasonably satisfactory to Sellers demonstrating that Buyer has fulfilled the requirements of Section 8.6(a) regarding offers of employment to active employees of the Company and its Subsidiaries; and

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(l) such other assignments and other good and sufficient instruments of assumption and transfer, in form reasonably satisfactory to Sellers, as Sellers may reasonably request to transfer and assign the Assumed Liabilities to Buyer.

4.4 Sellers' Deliveries.

At the Closing, Sellers shall deliver to Buyer:

(a) the Assignment and each other Transaction Document to which any Seller is a party (including letters-in-lieu of transfer orders and change of operator forms), duly executed by the applicable Sellers;

(b) the Assumption Agreement, duly executed by Sellers;

(c) a certified copy of the Sale Order;

(d) the certificates of Sellers to be received by Buyer pursuant to Sections 9.1 and 9.2;

(e) a non-foreign affidavit by each Seller dated as of the Closing Date, sworn under penalty of perjury and in form and substance required under the Treasury Regulations issued pursuant to Code §1445, stating that Seller is not a "foreign person" as defined therein;

(f) a counterpart of the Preliminary Settlement Statement executed by Seller; and

(g) such other bills of sale, deeds, endorsements, assignments and other good and sufficient instruments of conveyance and transfer, in form reasonably satisfactory to Buyer, as Buyer may reasonably request to vest in Buyer all the right, title and interest of Sellers in, to or under any or all the Oil and Gas Assets.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF SELLERS

Except as disclosed in the Disclosure Schedules attached hereto, Sellers (as applicable) represent and warrant the following to Buyer:

5.1 Organization and Good Standing.

Each Seller is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. Each Seller has the requisite corporate, partnership, [or limited liability company] power and authority to own or lease and to operate and use its properties and to carry on its business as now conducted. Sellers are duly qualified or licensed to do business and are in good standing in each jurisdiction where the character of their business or the nature of their properties makes such qualification or licensing necessary, except

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for such failures to be so qualified or licensed or in good standing as would not, individually or in the aggregate, have a Material Adverse Effect.

5.2 Authority; Validity; Consents.

Each Seller has, subject to requisite Bankruptcy Court approval, the requisite corporate, partnership, [or limited liability company] power and authority necessary to enter into and perform its obligations under this Agreement and the other Transaction Documents to which such Seller is a party and to consummate the transactions contemplated hereby and thereby, and, subject to requisite Bankruptcy Court approval, the execution, delivery and performance of this Agreement and such other Transaction Documents by such Seller and the consummation by such Seller of the transactions contemplated herein and therein have been duly and validly authorized by all requisite corporate, partnership, [or limited liability company] action. This Agreement has been duly and validly executed and delivered by each Seller and each other Transaction Document required to be executed and delivered by a Seller at the Closing will be duly and validly executed and delivered by such Seller at the Closing. Subject to requisite Bankruptcy Court approval, this Agreement and the other Transaction Documents constitute, with respect to each Seller that is party thereto, the legal, valid and binding obligations of such Seller, enforceable against such Seller in accordance with their respective terms, except as such enforceability is limited by general principles of equity. Subject to requisite Bankruptcy Court approval, to each Seller's Knowledge, except (a) for entry of the Sale Order, (b) for notices, filings and consents required in connection with the Bankruptcy Case and (c) for the notices, filings and consents set forth on Disclosure Schedule 5.2, Sellers are not required to give any notice to, make any filing with or obtain any consent from any Person (including any Governmental Authority) in connection with the execution and delivery of this Agreement and the other Transaction Documents or the consummation or performance of any of the transactions contemplated hereby and thereby, except as would not, individually or in the aggregate, have a Material Adverse Effect.

5.3 No Conflict.

When the consents and other actions described in Section 5.2, including requisite Bankruptcy Court approval, have been obtained and taken, to each Seller's Knowledge, the execution and delivery of this Agreement and the other Transaction Documents and the consummation of the transactions provided for herein and therein will not result in the breach of any of the terms and provisions of, or constitute a default under, or conflict with, or cause any acceleration of any obligation of Sellers under (a) any agreement, indenture, or other instrument to which any Seller is bound, (b) the certificate of incorporation, bylaws or other governing documents of any Seller, (c) any Order or (d) any Legal Requirement, except as would not, individually or in the aggregate, have a Material Adverse Effect.

5.4 Material Assigned Contracts.

To each Seller's Knowledge, (i) Disclosure Schedule 5.4 lists all Material Assigned Contracts in effect as of the Effective Time, to which such Seller is a party or by which its interests in the Oil and Gas Assets are bound, (ii) all Material Assigned Contracts are in full force and effect, except (1) as such enforceability may be limited by bankruptcy, insolvency,

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reorganization, moratorium or similar laws now or hereafter in effect relating to creditors' rights generally or general principles of equity and (2) as would not, individually or in the aggregate, have a Material Adverse Effect, and (iii) except for the Bankruptcy Case, no default or breach (or event that, with notice or lapse of time, or both, would become a default or Breach) of any such Material Assigned Contracts has occurred or is continuing on the part of such Seller.

5.5 Permits.

To each Seller's Knowledge, as of the Effective Time, all necessary Permits with regard to the ownership or operation Oil and Gas Assets have been obtained and maintained in effect and no violations exist in respect of such Permits, except for such non-compliance, failure to obtain or maintain, and such facts, conditions or circumstances, the existence of which would not constitute a Material Adverse Effect.

5.6 Wells; Plug and Abandon Notice.

To each Seller's Knowledge, except as set forth on Disclosure Schedule 5.6, there are no Wells (i) in respect of which such Seller has received an order from any Governmental Authority requiring that such Wells be plugged and abandoned, or (ii) that are neither in use for purposes of production or injection, nor suspended or temporarily abandoned in accordance with applicable Legal Requirements, that are required to be plugged and abandoned in accordance with applicable Legal Requirements but have not been plugged and abandoned.

5.7 Imbalances.

To each Seller's Knowledge, all Imbalances relating to the Oil and Gas Assets are reflected in Disclosure Schedule 5.7 as of the date stated therein.

5.8 AFEs.

Disclosure Schedule 5.8 contains a list, true and correct as of the date set forth therein, of all material authorities for expenditures (collectively, "AFEs") for capital expenditures with respect to the Oil and Gas Assets that have been proposed by any Person having authority to do so (including internal AFEs of Sellers not delivered to third parties) or other commitment to make expenditures in respect of the ownership or operation of the Oil and Gas Assets in an amount in excess of \$200,000.

5.9 Non-Consent Operations.

Except as set forth on Disclosure Schedule 5.9, to each Seller's Knowledge, no operations are being conducted or have been conducted on the Oil and Gas Assets with respect to which any Seller has elected to be a non-consenting party under the applicable operating agreement and with respect to which all of such Seller's rights have not yet reverted to it.

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5.10 Hedging.

There are no futures, options, swaps or other derivatives with respect to the sale of Hydrocarbons from the Oil and Gas Assets that are or will be binding on the Oil and Gas Assets at any time after the Closing Date.

5.11 Preferential Purchase Rights.

To each Seller's Knowledge, Disclosure Schedule 5.11 lists all Preferential Purchase Rights applicable to the transactions contemplated by this Agreement.

5.12 Suspense Funds.

To each Seller's Knowledge, Disclosure Schedule 5.12 sets forth a list, true and correct as of the date set forth therein, of all Suspense Funds and the name or names of the parties to whom such funds are owed.

5.13 Intellectual Property.

To each Seller's Knowledge, except as set forth on Disclosure Schedule 5.13, no Seller owns any Intellectual Property related to or used in connection with the ownership or operation of the Oil and Gas Assets.

5.14 Taxes.

Each Seller has timely filed all material Tax Returns required to be filed with the appropriate Governmental Authorities (taking into account any extension of time to file granted to Sellers), and has paid all material Taxes shown on any such Tax Return as owing. No material examination of any such Tax Return of Sellers is currently in progress by any Governmental Authority. No material adjustment has been proposed in writing with respect to any such Tax Returns for the last five (5) fiscal years by any Governmental Authority.

5.15 Legal Proceedings.

Except for the Bankruptcy Case and as set forth on Disclosure Schedule 5.15, there is no Proceeding or Order pending, outstanding or, to Sellers' Knowledge, threatened against any Seller that seeks to restrain or prohibit or otherwise challenge the consummation, legality or validity of the transactions contemplated hereby or that would have, individually or in the aggregate, a Material Adverse Effect.

5.16 Labor Matters.

There are no collective bargaining agreements to which Sellers or their Affiliates are a party relating to any Transferred Employee. There is no pending or, to Sellers' Knowledge, threatened, strike, slowdown, picketing, work stoppage, and there is no pending application for certification of a collective bargaining agent involving any Seller and any Transferred Employee.

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5.17 Employee Benefits.

To each Seller's Knowledge, Disclosure Schedule 5.17(a) sets forth a true and complete list of each (i) deferred compensation plan, (ii) incentive compensation plan, (iii) equity compensation plan, (iv) "welfare" plan, fund or program (within the meaning of Section 3(1) of ERISA), (v) "pension" plan, fund or program (within the meaning of Section 3(2) of ERISA) (vi) "employee benefit plan" (within the meaning of Section 3(3) of ERISA), (vii) employment (other than offer letters entered into in the ordinary course of business), termination, severance or "change in control" agreement and (viii) other employee benefit plan, fund, program, agreement or arrangement, in each case, that is sponsored, maintained or contributed to or required to be contributed to by Sellers or by any trade or business, whether or not incorporated, that together with Sellers would be deemed a "single employer" within the meaning of Section 4001(b) of ERISA (an "ERISA Affiliate"), or to which Sellers or any ERISA Affiliate is party, for the benefit of any Transferred Employee (each such plan, whether or not material, is referred to herein as a "Benefit Plan"). All Assumed Benefit Plans set forth on Disclosure Schedule 5.17(b) are in material compliance with all applicable Legal Requirements.

5.18 Sufficiency of Oil and Gas Assets.

Except as set forth on Disclosure Schedule 5.18, to each Seller's Knowledge, (a) the Oil and Gas Assets, together with Sellers' agreements under this Agreement and the other Transaction Documents, will, as of the Closing Date, constitute all of the material assets and rights necessary for Buyer to own and operate the Properties substantially as presently owned and operated by Sellers.

5.19 Compliance with Laws.

Except as set forth on Disclosure Schedule 5.19 and as may result from the Bankruptcy Case, from and after the date that is twelve months prior to the date of execution of this Agreement (a) no Seller has received written notice from any Governmental Authorities alleging a violation of Environmental Laws relating to the Properties, and to Sellers' Knowledge, no such notice is pending, and (b) to Sellers' Knowledge, except where lack of compliance would not have a Material Adverse Effect, the Properties are in compliance with all Legal Requirements other than Environmental Laws.

5.20 Equipment.

To Sellers' Knowledge, except as would not have a Material Adverse Effect, all of the Equipment is in a state of reasonable repair (ordinary wear and tear excepted) so as to be suitable for the purposes of which such equipment was constructed, obtained or is currently being used in all material respects.

5.21 Brokers or Finders.

Sellers have not incurred any obligation or liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions or other similar payment in connection with this Agreement, the other Transaction Documents or the transactions contemplated hereby or

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thereby for which Buyer is or will become liable, and Sellers shall indemnify and hold harmless Buyer from any claims with respect to any such fees or commissions, in each case except to the extent that such fees, commissions and other similar payments constitute Assumed Liabilities.

5.22 Knowledge Qualifier for Non-Operated Oil and Gas Assets.

To the extent that any Seller has made any representations or warranties in this Article 5 in connection with matters relating to non-operated Oil and Gas Assets, each and every such representation and warranty shall be deemed to be qualified by the phrase "To Seller's Knowledge".

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Sellers as follows:

6.1 Organization and Good Standing.

Buyer is an [entity description], duly organized, validly existing and in good standing under the laws of the State of [•]. Buyer has the requisite power and authority to own or lease and to operate and use its properties and to carry on its business as now conducted.

6.2 Authority; Validity; Consents.

Buyer has the requisite power and authority necessary to enter into and perform its obligations under this Agreement and the other Transaction Documents to which it is a party and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement by Buyer and the consummation by Buyer of the transactions contemplated herein have been duly and validly authorized by all requisite limited liability company or corporate actions in respect thereof. This Agreement has been duly and validly executed and delivered by Buyer and each other Transaction Document to which Buyer is a Party will be duly and validly executed and delivered by Buyer, as applicable, at the Closing. This Agreement and the other Transaction Documents to which Buyer is a party constitute the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with their respective terms, except in each case as such enforceability is limited by bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect relating to creditors' rights generally or general principles of equity. Buyer is not or will not be required to give any notice to or obtain any consent from any Person in connection with the execution and delivery of this Agreement and the other Transaction Documents to which it is a Party or the consummation or performance of any of the transactions contemplated hereby or thereby, except for such notices, filings and consents, the failure of which to provide, make or obtain, would not, individually or in the aggregate, affect Buyer's ability to perform its obligations under this Agreement or any other Transaction Documents or to consummate the transactions contemplated hereby or thereby.

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6.3 No Conflict.

When the consents and other actions described in Section 6.2 have been obtained and taken, the execution and delivery of this Agreement and the other Transaction Documents and the consummation of the transactions provided for herein and therein will not result in the breach of any of the terms and provisions of, or constitute a default under, or conflict with, or cause any acceleration of any obligation of Buyer under (a) any agreement, indenture, or other instrument to which it is bound, (b) the [description of organization documents] of Buyer, as applicable, (c) any Order or (d) any Legal Requirement.

6.4 Availability of Funds.

As of the Closing, Buyer will have sufficient cash in immediately available funds (without giving effect to any unfunded financing, regardless of whether any such financing is committed) to pay the Purchase Price, all costs, fees and expenses to be paid by Buyer that are necessary to consummate the transactions contemplated by this Agreement and the other Transaction Documents, and assume the Assumed Liabilities.

6.5 Litigation.

There are no Proceedings pending or, to the Knowledge of Buyer, threatened, that would affect Buyer's ability to perform its obligations under this Agreement or any other Transaction Documents or to consummate the transactions contemplated hereby or thereby.

6.6 Brokers or Finders.

Neither Buyer nor any Person acting on behalf of Buyer has paid or become obligated to pay any fee or commission to any broker, finder, investment banker, agent or intermediary for or on account of the transactions contemplated by this Agreement for which any Seller is or will become liable, and Buyer shall hold harmless and indemnify Sellers from any claims with respect to any such fees or commissions.

6.7 Business Use, Bargaining Position, Representation.

Buyer is purchasing the Oil and Gas Assets for commercial or business use and has knowledge and experience in financial and business matters that enables it to evaluate the merits and the risks of a transaction such as this. Buyer is not in a significantly disparate bargaining position with Sellers and is represented by legal counsel.

ARTICLE 7

ACTIONS PRIOR TO THE CLOSING DATE

7.1 Access and Reports.

(a) Subject to applicable Legal Requirements, upon receipt of written notice from Buyer of any such activities no less than two Business Days in advance, Sellers shall (and shall cause their Subsidiaries to) afford Buyer's authorized Representatives reasonable access,

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during normal business hours until the date that is five Business Days prior to the scheduled Closing Date, to its employees, properties, books, Contracts and Records, and, during such period, Sellers shall furnish promptly to Buyer all information concerning the Oil and Gas Assets as may reasonably be requested; *provided, however*, such access shall not interfere with the ordinary conduct of business or the operation of the Oil and Gas Assets and at all times during such access, Buyer's authorized Representatives shall be accompanied by at least one Representative of Sellers. All requests for information made pursuant to this Section 7.1 shall be submitted in accordance with Section 13.4. All such information shall be governed by the terms of the Confidentiality Agreement. No investigation pursuant to this Section 7.1 or by Buyer or its Representatives at any time prior to or following the date hereof shall affect or be deemed to modify any representation or warranty made by the Sellers herein.

(b) From and after the execution of this Agreement until the date that is five Business Days prior to the scheduled Closing Date, Buyer shall have the right, at its sole cost, risk, liability, and expense, to conduct a Phase I Environmental Site Assessment of the Oil and Gas Assets. During the Company's regular hours of business and after providing the Company with written notice of any such activities no less than two Business Days in advance (which written notice shall include the written permission of the operator (if other than a Seller) and any other third party whose permission is legally required, which Seller shall reasonably cooperate with Buyer in securing), Buyer and its authorized Representatives shall be permitted to enter upon the Oil and Gas Assets, inspect the same, review all of Sellers' files and records (other than those for which any Seller has an attorney-client privilege) relating to the Oil and Gas Assets, and generally conduct visual, non-invasive tests, examinations, and investigations; *provided, however*, that such entry shall not interfere with the ordinary conduct of business or operation of the Oil and Gas Assets and at all times during such entry, Buyer's authorized Representatives shall be accompanied by at least one Representative of Sellers. No sampling or other invasive inspections of the Oil and Gas Assets may be conducted without the Company's prior written consent, which shall not be unreasonably withheld. The withholding of consent to sampling or any other invasive inspection by the Company shall be deemed reasonable if (without limitation) the need for such sampling or invasive testing was not indicated from a visual inspection or, based on the Phase I Environmental Assessment, such sampling or invasive testing is not necessary to determine the existence and/or magnitude of an Environmental Defect or Environmental Defect Value. Sellers will have the right, which they may exercise at their sole discretion, to (i) observe such investigation, and (ii) promptly receive a copy of all results, analyses, reports, and reviews, except for such information for which Buyer has an attorney-client privilege. All information obtained or reviewed by Buyer shall be maintained confidential by Buyer and shall be governed by the terms of the Confidentiality Agreement.

(c) This Section 7.1 shall not require Sellers to permit any access to, or to disclose (i) any information that, in the reasonable, good faith judgment (after consultation with counsel, which may be in-house counsel) of the Company, is reasonably likely to result in any violation of any Legal Requirement or any Contract to which the Company or any other Seller is a party or cause any privilege (including attorney-client privilege) that Sellers would be entitled to assert to be undermined with respect to such information and such undermining of such privilege could in the Company's good faith judgment (after consultation with counsel, which may be in-house counsel) adversely affect in any material respect Sellers' position in any pending or, what the Company believes in good faith (after consultation with counsel, which

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may be in-house counsel) could be, future litigation or (ii) if the Company or any other Seller, on the one hand, and Buyer or any of its Affiliates, on the other hand, are adverse parties in a litigation, any information that is reasonably pertinent thereto; provided, that, in the case of clause (i), the Parties shall cooperate in seeking to find a way to allow disclosure of such information to the extent doing so (A) would not (in the good faith belief of the Company (after consultation with counsel, which may be in-house counsel)) be reasonably likely to result in the violation of any such Legal Requirement or Contract or be reasonably likely to cause such privilege to be undermined with respect to such information or (B) could reasonably (in the good faith belief of the Company (after consultation with counsel, which may be in-house counsel)) be managed through the use of customary "clean-room" arrangements pursuant to which non-employee Representatives of Buyer could be provided access to such information.

(d) The information provided pursuant to this Section 7.1 shall be used solely for the purpose of the transactions contemplated by this Agreement, and such information shall be kept confidential by Buyer and Sellers in accordance with, and Buyer and Sellers shall otherwise abide by and be subject to the terms and conditions of, the Confidentiality Agreement.

(e) BUYER SHALL DEFEND, RELEASE, INDEMNIFY AND HOLD HARMLESS EACH SELLER PARTY FROM AND AGAINST ANY AND ALL LIABILITIES THAT ANY BUYER PARTY MAY ASSERT AGAINST ANY SELLER PARTY, BASED UPON INJURY TO PERSON, INCLUDING DEATH, OR TO PROPERTY, ARISING IN ANY MANNER WHATSOEVER FROM ANY INSPECTION BY ANY BUYER PARTY OF THE OIL AND GAS ASSETS AND ACCESS BY ANY BUYER PARTY TO THE OIL AND GAS ASSETS PRIOR TO THE CLOSING DATE, WHETHER OR NOT BASED UPON STRICT LIABILITY OR CAUSED BY THE SOLE OR CONCURRENT NEGLIGENCE (WHETHER ACTIVE OR PASSIVE) OF ANY SELLER PARTY, UNLESS SUCH INJURY WAS OCCASIONED SOLELY BY THE GROSS NEGLIGENCE OR INTENTIONAL TORT OF ANY SELLER PARTY.

7.2 Operations Prior to the Closing Date.

Sellers covenant and agree that, except (v) as expressly contemplated by this Agreement, (w) as disclosed in Schedule 7.2, (x) with the prior written consent of Buyer (which consent shall not be unreasonably withheld, conditioned or delayed) and (y) as otherwise required by Legal Requirements, after the Effective Time and prior to the Closing Date:

(a) Sellers shall:

(i) use commercially reasonable efforts, taking into account Sellers' status as debtors in possession, to maintain and operate the Oil and Gas Assets that are operated by any Seller as a reasonably prudent operator or cause such Oil and Gas Assets to be operated as a reasonably prudent operator in the ordinary course of business;

(ii) pay or cause to be paid all bonuses and rentals, royalties, overriding royalties, shut-in royalties, and minimum royalties and development and operating expenses, and other payments incurred with respect to the Oil and Gas Assets operated by any Seller except (A) royalties held in suspense as a result of title issues and that do not give any third party a right to cancel an interest in any Oil and Gas Assets operated by any Seller, and (B) expenses or royalties being contested in good faith, unless the nonpayment of such contested

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expenses or royalties could result in the termination of an Assigned Lease and Interest, in which case Sellers will notify Buyer and obtain Buyer's approval prior to withholding such payment;

(iii) maintain their books, accounts and records in accordance with past custom and practice;

(iv) maintain the personal property comprising part of the Oil and Gas Assets operated by any Seller in at least as good a condition as it is on the date hereof, subject to ordinary wear and tear; and

(v) use commercially reasonable efforts, taking into account Sellers' status as debtors in possession, to (A) retain Company employees who are in good standing and are either necessary to conduct the business as it is currently being conducted and (B) maintain their relationships with and preserve the goodwill of their key service providers.

(b) Sellers shall not:

(i) abandon any Oil and Gas Asset (except any abandonment of Leases to the extent any such Leases terminate pursuant to their terms);

(ii) commence, propose, or agree to participate in any single operation with respect to the Wells or Assigned Leases and Interests with an anticipated cost in excess of \$200,000, except for emergency operations, operations scheduled under the AFEs, or operations required by any Governmental Authority;

(iii) terminate, cancel, or materially amend or modify any Assigned Contract or Assigned Lease and Interest;

(iv) sell, lease, encumber, or otherwise dispose of all or any portion of any Oil and Gas Assets, except sales of Hydrocarbons in the ordinary course of business[NTD: Schedule 7.2 should include carve-out for quarterly sales to Tokyo Gas];

(v) grant to any Transferred Employee any increase in compensation except in the ordinary course of Sellers' business and consistent with past practice; or

(vi) enter into any agreement or commitment to take any action prohibited by this Section 7.2(b).

7.3 Commercially Reasonable Efforts.

(a) Sellers, on the one hand, and Buyer, on the other hand, shall use commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated hereby, including using commercially reasonable efforts to accomplish the following: (i) the taking of all reasonable acts necessary to cause the conditions precedent set forth in Article 9 and Article 10 to be satisfied, (ii) the obtaining, at the earliest

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practicable date, of all necessary Governmental Authorizations and the making of all necessary registrations, declarations and filings (including registrations, declarations and filings with Governmental Authorities, if any) and the taking of all reasonable steps as may be necessary to avoid any Proceeding by any Governmental Authority, and (iii) the execution or delivery of any additional instruments necessary to consummate the transactions contemplated hereby and to fully carry out the purposes of this Agreement.

(b) Sellers, on the one hand, and Buyer, on the other hand, (i) shall promptly inform each other of any communication from any Governmental Authority concerning this Agreement, the transactions contemplated hereby, and any filing, notification or request for approval and (ii) shall permit the other to review in advance any proposed written or material oral communication or information submitted to any such Governmental Authority in response thereto. In addition, none of Parties shall agree to participate in any meeting with any Governmental Authority in respect of any filings, investigation or other inquiry with respect to this Agreement or the transactions contemplated hereby, unless such Party consults with the other Parties in advance and, to the extent permitted by any such Governmental Authority, gives the other Parties the opportunity to attend and participate thereat, in each case to the maximum extent practicable. Subject to any restrictions under applicable laws, rules or regulations, each of Buyer, on the one hand, and Sellers, on the other hand, shall furnish the other with copies of all correspondence, filings and communications (and memoranda setting forth the substance thereof) between it and its Affiliates and their respective Representatives on the one hand, and the Governmental Authority or members of its staff on the other hand, with respect to this Agreement, the transactions contemplated hereby (excluding documents and communications which are subject to preexisting confidentiality agreements or to the attorney-client privilege or work product doctrine) or any such filing, notification or request for approval. Each Party shall also furnish the other Party with such necessary information and assistance as such other Party and its Affiliates may reasonably request in connection with their preparation of necessary filings, registration or submissions of information to the Governmental Authority in connection with this Agreement, the transactions contemplated hereby and any such filing, notification or request for approval.

(c) Subject to the terms and conditions of this Agreement, Buyer shall take any and all steps necessary to avoid or eliminate any impediments under any applicable antitrust, competition or trade regulation laws that may be asserted by any Governmental Authority with respect to the transactions contemplated hereby so as to enable the Closing to occur as soon as reasonably possible, including, without limitation, proposing, negotiating, committing to and effecting, by consent decree or otherwise, the sale, divestiture or disposition of such assets or businesses of Buyer or any of its Subsidiaries as may be required in order to avoid the entry, or to effect the dissolution, of any injunction, temporary restraining order or other order in any suit or proceeding, which would otherwise have the effect of preventing, delaying or restricting the consummation of the transactions contemplated in this Agreement.

7.4 Bankruptcy Court Approval.

(a) Sellers and Buyer acknowledge that this Agreement and the sale of the Oil and Gas Assets and the assumption and assignment of the Assigned Contracts and Assigned Leases and Interests are subject to Bankruptcy Court approval. Sellers and Buyer

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acknowledge that (i) to obtain such approval, Sellers must demonstrate that they have taken reasonable steps to obtain the highest and otherwise best offer possible for the Oil and Gas Assets, and that such demonstration shall include giving notice of the transactions contemplated by this Agreement to creditors and other interested parties as ordered by the Bankruptcy Court, and (ii) Buyer must provide adequate assurance of future performance under the to-be-assigned Leases and executory Contracts.

(b) In the event an appeal is taken or a stay pending appeal is requested, from the Sale Order, Sellers shall promptly notify Buyer of such appeal or stay request and shall provide to Buyer promptly a copy of the related notice of appeal or order of stay. Sellers shall also provide Buyer with written notice of any motion or application filed in connection with any appeal from either of such orders.

(c) From and after the date of execution of this Agreement and prior to the Closing or the termination of this Agreement in accordance with Section 11.1, Sellers shall not take any action which is intended to (or is reasonably likely to), or fail to take any action the intent (or the reasonably likely result) of which failure to act is to, result in the reversal, voiding, modification or staying of the Sale Order or this Agreement.

7.5 Bankruptcy Filings.

From and after the date of execution of this Agreement and until the Closing Date, Sellers shall use commercially reasonable efforts to deliver to Buyer copies of all pleadings, motions, notices, statements, schedules, applications, reports and other papers that relate, in whole or in part, to this Agreement and the transactions contemplated hereby, or to Buyer or their respective agents or representatives, that are to be filed by the Sellers in the Bankruptcy Case in advance of their filing, in each case, if reasonably practicable under the circumstances before the filing of such papers. Notwithstanding the foregoing, neither Sellers' inadvertent failure to comply with this Section 7.5, nor Sellers' failure to comply with this Section 7.5 due to emergency circumstances, shall constitute a breach under this Agreement.

7.6 Updates and Amendments of Exhibits and Schedules.

Until the third Business Day before Closing, Sellers shall have the right to amend, modify and/or supplement Exhibit A, Exhibit C, Exhibit D, Schedule 2.2(h) and Schedule 2.2(i), in each case, as applicable, in order to reflect (i) any additional Contracts or Leases taken by any Seller or (ii) the deletion of any Contracts or Leases from any such Exhibit or Schedule.

7.7 Intentionally Omitted.

7.8 Commitment Letters.

Concurrently with the execution of this Agreement, Buyer has delivered to Sellers true and complete, fully-executed copies of the debt commitment letters by and among Buyer, [] and including all exhibits, schedules, annexes and

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amendments to such agreements in effect as of such date of delivery (the "Commitment Letters"), pursuant to which and subject to the terms and conditions thereof each of the parties thereto (other than Buyer), has severally agreed and committed to provide to Buyer the [equity and/or debt financing] set forth therein ("Financing"). As of the Closing Date, the Commitment Letters shall have not been amended, restated or otherwise modified or waived subsequent to the date of delivery to Sellers and the respective commitments contained in the Commitment Letters shall have not been withdrawn, modified or rescinded in any respect. There shall be no conditions precedent to the funding of the full amount of the Financing, other than as expressly set forth in the Commitment Letters. There shall be no other agreements, side letters or arrangements that would permit the parties to the Commitment Letters to reduce the amount of the Financing or that would otherwise affect the availability of the Financing. The Commitment Letters provide Buyer with binding financial commitments that, when funded at Closing, will provide it with sufficient funds to pay the Purchase Price and to pay any other amounts required to be paid by it in connection with the consummation of the transactions contemplated by this Agreement. On or before the Closing Date, Buyer shall take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable, and Seller shall use commercially reasonable efforts to cooperate and assist Buyer, to consummate and obtain the Financing (a) on the terms and conditions described in the Commitment Letters, or (b) pursuant to any other alternative financing arrangement in an amount not less than the amount covered by the Commitment Letters. If the Financing described above becomes unavailable to Buyer for any reason, Buyer shall be required to seek alternative financing, which shall comply with the requirements of this Section 7.8.

ARTICLE 8

ADDITIONAL AGREEMENTS

8.1 Taxes.

(a) Any transfer, documentary, sales, use, stamp, registration and other such Taxes, and all conveyance fees, recording charges and other fees and charges (including any penalties and interest) incurred in connection with the consummation of the transactions contemplated by this Agreement (collectively, the "Transfer Taxes") shall be borne by Buyer. Sellers and Buyer shall use commercially reasonable efforts and cooperate in good faith to exempt the sale and transfer of the Oil and Gas Assets from any Transfer Taxes, including under Section 1146(a) of the Bankruptcy Code. Buyer will, at its own expense, file all necessary Tax Returns and other documentation with respect to all Transfer Taxes, and, if required by applicable law, the Parties will, and will cause their Affiliates to, join in the execution of any such Tax Returns and other documentation.

(b) Sellers shall retain responsibility for, and shall bear and pay, all ad valorem, property, excise, severance, production or similar Taxes based upon operation or ownership of the Oil and Gas Assets or the production of Hydrocarbons or the receipt of proceeds therefrom (but excluding, for the avoidance of doubt, income taxes, franchise taxes and Transfer Taxes) (collectively, the "Asset Taxes") assessed with respect to the Oil and Gas Assets for (i) any period ending on or prior to the Closing Date and (ii) the portion of any Straddle Period ending on or prior to the Closing Date. For purposes of allocation between the Parties of

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Asset Taxes assessed with respect to the Oil and Gas Assets that are payable with respect to any tax periods beginning before and ending after the Closing Date ("Straddle Periods"), the portion of any such taxes that are attributable to the portion of the Straddle Period that ends on or prior to the Closing Date shall (i) in the case of such Asset Taxes that are based upon or related to income or receipts or imposed on a transactional basis such as severance or production taxes, be allocated based on revenues from sales occurring on or before the Closing Date (which shall be Sellers' responsibility) and from and after the Closing Date (which shall be Buyer's responsibility); and (ii) in the case of other Asset Taxes, be allocated pro rata per day between the period on or prior to the Closing Date (which shall be Sellers' responsibility) and the period after the Closing Date (which shall be Buyer's responsibility). For purposes of clause (i) of the preceding sentence, any exemption, deduction, credit or other item that is calculated on an annual basis shall be allocated pro rata per day between the period ending on or prior to the Closing Date and the period beginning at the Closing Date. At the Closing, Asset Taxes with respect to each Asset for the applicable Straddle Period shall be prorated in accordance with the foregoing provisions based on the Asset Tax assessment for such Asset for such Straddle Period, if available, or if otherwise, based on the Asset Taxes paid with respect to such Asset during the preceding Tax period. With respect to any not yet delinquent Taxes relating to a Tax year ending after the Closing Date, Buyer will assume responsibility for the actual payment of all such Taxes to the applicable Governmental Authority. With respect to any Taxes relating to a Straddle Period or Pre-Closing Tax Period that are delinquent as of the Closing Date, the amount of which is known and not subject to dispute, Buyer shall pay the delinquent amount of such Taxes directly to the applicable Governmental Authority at the Closing.

(c) Sellers, on the one hand, or Buyer, on the other hand, as the case may be (the "Reimbursing Party"), shall provide reimbursement for any Tax paid by the other (the "Paying Party") all or a portion of which is the responsibility of the Reimbursing Party in accordance with the terms of this Section 8.1 or which represents an overpayment for Taxes by the Paying Party. Within a reasonable time prior to the payment of any such Tax, the Paying Party shall give notice to the Reimbursing Party of the Tax payable and the Paying Party's and Reimbursing Party's respective Liability therefor, although failure to do so will not relieve the Reimbursing Party from its Liability hereunder except to the extent the Reimbursing Party is prejudiced thereby. Any amounts which may become payable from any Seller to Buyer pursuant to Section 8.1(a) shall constitute a super priority administrative expense of Sellers under Section 364(c)(1) of the Bankruptcy Code with priority over any and all administrative expenses of the kind specified in Sections 503(b) or 507(b) of the Bankruptcy Code.

(d) Buyer and Sellers agree to furnish or cause to be furnished to each other, upon request, as promptly as practicable, such information and assistance relating to the Oil and Gas Assets (including access to books and records and Tax Returns and related working papers dated before Closing) as is reasonably necessary for the filing of all Tax Returns, the making of any election relating to Taxes, the preparation for any audit by any taxing authority, the prosecution or defense of any claims, suit or proceeding relating to any Tax, and the claiming by Buyer of any federal, state or local business tax credits or incentives that Buyer may qualify for in any of the jurisdictions in which any of the Oil and Gas Assets are located; *provided, however*, that neither Buyer nor any Seller shall be required to disclose the contents of its income Tax Returns to any Person. Any expenses incurred in furnishing such information or assistance pursuant to this Section 8.1(d) shall be borne by the Party requesting it.

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8.2 Allocation of Purchase Price.

The Base Purchase Price shall be allocated among the Oil and Gas Assets as set forth in Schedule 8.2 hereto, and the portion of the Purchase Price allocated to each Oil and Gas Asset is referred to herein as the "Allocated Value" of such Oil and Gas Asset. Sellers and Buyer agree to be bound by the Allocated Values set forth in Schedule 8.2 for purposes of this Agreement. Sellers and Buyer further agree that for the purpose of making the requisite filings under Section 1060 of the Code, and the regulations thereunder, the Purchase Price and any liabilities assumed by Buyer under this Agreement that are treated as consideration for Tax purposes shall be allocated among the Oil and Gas Assets in a manner consistent with the Allocated Values, as set forth on Schedule 8.2 (the "Tax Allocation"). Sellers and Buyer each agree to report, and to cause their respective Affiliates to report, the federal, state and local income and other Tax consequences of the transactions contemplated herein, and in particular to report the information required by Section 1060(b) of the Code, and to jointly prepare Form 8594 (Asset Acquisition Statement under Section 1060 of the Code) as promptly as possible following the Closing Date and in a manner consistent with the Tax Allocation as revised to take into account subsequent adjustments to the Base Purchase Price, including any adjustments pursuant to the Agreement to determine the Purchase Price, and shall not take any position inconsistent therewith upon examination of any Tax return, in any refund claim, in any litigation, investigation, or otherwise, unless required to do so by any Legal Requirement after notice to and discussions with the other Party, or with such other Party's prior consent; *provided, however*, that nothing contained herein shall prevent Buyer or Sellers from settling any proposed deficiency or adjustment by any Governmental Authority based upon or arising out of the Tax Allocation, and neither Buyer nor Sellers shall be required to litigate before any court any proposed deficiency or adjustment by any Governmental Authority challenging the Tax Allocation.

8.3 Bulk Sales.

Buyer and Sellers hereby waive compliance with all "bulk sales," "bulk transfer" and similar laws that may otherwise be applicable with respect to the sale and transfer of any or all of the Oil and Gas Assets to Buyer.

8.4 Payments Received.

Sellers, on the one hand, and Buyer, on the other hand, each agree that, after the Closing, each will hold and will promptly transfer and deliver to the other, from time to time as and when received by them, any cash, checks with appropriate endorsements (using their best efforts not to convert such checks into cash) or other property that they may receive on or after the Closing which properly belongs to the other and will account to the other for all such receipts.

8.5 Assigned Contracts and Assigned Leases and Interests: Adequate Assurance and Performance; Security Arrangements.

(a) With respect to each Assigned Contract and Assigned Lease and Interest, Buyer shall provide adequate assurance as required under the Bankruptcy Code of the future performance by Buyer of each such Assigned Contract or Assigned Lease and Interest.

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Buyer and Sellers agree that they will promptly take all actions reasonably required to assist in obtaining a Bankruptcy Court finding that there has been an adequate demonstration of adequate assurance of future performance under the Assigned Contracts and the Assigned Leases and Interests, such as furnishing timely requested and factually accurate affidavits, non-confidential financial information and other documents or information for filing with the Bankruptcy Court and making Buyer's and Sellers' employees and Representatives available to testify before the Bankruptcy Court.

(b) Buyer shall pay, perform or satisfy the Assumed Liabilities from time to time and as such Assumed Liabilities become due and payable or are required to be performed or satisfied in accordance with their respective terms.

(c) Without limiting the provisions of Section 8.5(a), Buyer acknowledges that various bonds, surety bonds, letters of credit, guarantees, and/or cash deposits, including those set forth on Schedule 8.5(c) (collectively the "Security Arrangements") have been provided by Sellers and/or its Affiliates to secure the payment and/or performance of certain of Sellers' obligations related to the Oil and Gas Assets. Buyer acknowledges that Sellers have no duty to maintain any Security Arrangements after the Closing. To the extent Sellers and/or any of their Affiliates have any obligations pursuant to any Security Arrangement or have pledged or otherwise provided any property that secures any such Security Arrangement (collectively, the "Sellers' Obligations"), Buyer shall take such actions, during the Straddle Period, as are necessary to cause the Sellers' Obligations arising under the Security Arrangements set forth on Schedule 8.5(c) (and such Security Arrangements) to be released and terminated, and any of Sellers' property pledged or otherwise provided to secure such Security Arrangements returned to the Sellers, concurrent with the Closing. As to those Security Arrangements not listed on Schedule 8.5(c), Buyer shall take such actions as are necessary to cause the Sellers' Obligations arising under such Security Arrangements (and such Security Arrangements) to be released and terminated, and any of Sellers' property pledged or otherwise provided to secure such Security Arrangements returned to the Sellers, within thirty days following Sellers' notifying Buyer (or if earlier, Buyer's otherwise becoming aware) of such Security Arrangement, and Buyer shall reimburse Sellers, within ten days following Sellers' demand therefor, the aggregate amount of any Sellers' Obligations that are paid or performed by Sellers under such Security Arrangements following the Closing.

8.6 Employee Matters.

(a) Transferred Employees. Buyer shall offer employment effective as of the Closing Date to all of the Company's and its Subsidiaries' employees who are active (*i.e.*, not out on short or long term disability or workers compensation or for any other reason other than normal vacation absences) as of Closing, at the same location, with the same title and job responsibilities, at a rate of pay and with a bonus opportunity no less favorable than immediately prior to the Closing Date, and with substantially similar terms and conditions of employment (including employment benefits and perquisites), in the aggregate, as those under which each such employee was employed immediately prior to the Closing Date. Those employees who accept Buyer's offer of employment made pursuant to this Section 8.6(a) and commence working for Buyer on the Closing Date are referred to herein as "Transferred Employees." Each employee who is not an active employee as of the Closing Date (each an "Inactive Employee")

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shall remain the Company's (or its applicable Subsidiary's) responsibility until such employee commences employment with Buyer. When an Inactive Employee is able to return to active status in accordance with the Company's leave policies, and *provided* that such return occurs within six months of the Closing Date unless the Inactive Employee is otherwise required by applicable Legal Requirements to be reinstated at a later date, Buyer shall make such offer of employment to such individual in accordance with this Section 8.6(a), and, provided such individual accepts Buyer's offer of employment, such individual will be considered a Transferred Employee as of the date of such acceptance. Buyer shall have no liability for any Inactive Employee until the date such employee becomes a Transferred Employee. All Buyer's decisions to offer or not offer employment to the Company and its Subsidiaries' employees shall be in accordance with all applicable Legal Requirements.

(b) WARN Act. Sellers shall have responsibility for any Liability under the WARN Act with respect to the Company's and its Subsidiaries' employees for the time period prior to the Closing Date. Buyer shall have responsibility for any Liability under the WARN Act, if any, with respect to such employees for any time period on or after the Closing Date.

8.7 Post-Closing Books and Records and Personnel.

For five years after the Closing Date (or such longer period as may be required by any Governmental Authority or ongoing claim), (a) Buyer shall not dispose of or destroy any of the Records received by Buyer as Oil and Gas Assets and (b) Buyer shall allow Sellers (including, for clarity, any trust established under a chapter 11 plan of Sellers or any other successors of Sellers) and any of their directors, officers, employees, counsel, representatives, accountants and auditors reasonable access during normal business hours, at Sellers' sole expense and upon reasonable advance notice, to all employees and files of Buyer and their respective Subsidiaries and any Records included in the Oil and Gas Assets for purposes relating to the Bankruptcy Case, the wind-down of the operations of Sellers, the functions of any such trusts or successors, or other reasonable business purposes, and Sellers (including any such trust or successors) and such directors, officers, employees, counsel, representatives, accountants and auditors shall have the right to make copies of any such files, books, records and other materials. Until the closing of the Bankruptcy Case or the liquidation and winding up of Sellers' estates, Sellers shall preserve and keep the Records and, at Buyer's sole expense, shall make such Records, records, and Sellers' personnel available to Buyer as may be reasonably required by Buyer in connection with, among other things, any insurance claims by, Proceedings, Actions or Tax audits against, or governmental investigations of, Buyer or any of its Affiliates or in order to enable Buyer to comply with its obligations under this Agreement and each other Transaction Document. In the event any Party desires to destroy any such Records during or after the time during which they must be maintained pursuant to this Section 8.7, such Party shall first give ninety days prior written notice to the other Parties and any such other Parties shall have the right at their option and expense, upon prior written notice given within such ninety day period to the Party desiring to destroy such Records or records, to take possession of the Records within one hundred and eighty days after the date of such notice, or such shorter period as the liquidation and winding up of Sellers' estates shall permit.

*AGSH&F DRAFT 9/22/15***8.8 No Other Representations or Warranties; Disclaimers.**

(a) NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, EXCEPT AS AND TO THE EXTENT EXPRESSLY SET FORTH IN THIS AGREEMENT AND IN THE TRANSACTION DOCUMENTS, SELLERS MAKE NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, AND DISCLAIM ALL LIABILITY AND RESPONSIBILITY FOR ANY REPRESENTATION, WARRANTY, STATEMENT OR INFORMATION MADE OR COMMUNICATED (ORALLY OR IN WRITING) TO BUYER (INCLUDING ANY OPINION, INFORMATION, OR ADVICE THAT MAY HAVE BEEN PROVIDED TO BUYER BY ANY RESPECTIVE AFFILIATE OR REPRESENTATIVE OF ANY SELLER OR BY ANY INVESTMENT BANK OR INVESTMENT BANKING FIRM, ANY PETROLEUM ENGINEER OR ENGINEERING FIRM, COMPANY'S COUNSEL, OR ANY OTHER AGENT, CONSULTANT, OR REPRESENTATIVE OF ANY SELLER). WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EXCEPT AS AND TO THE EXTENT EXPRESSLY SET FORTH IN THIS AGREEMENT AND IN THE TRANSACTION DOCUMENTS, SELLERS EXPRESSLY DISCLAIM AND NEGATE ANY REPRESENTATION OR WARRANTY, EXPRESS, IMPLIED, AT COMMON LAW, BY STATUTE, OR OTHERWISE, RELATING TO (A) THE TITLE TO ANY OF THE OIL AND GAS ASSETS, (B) THE CONDITION OF THE OIL AND GAS ASSETS (INCLUDING ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR CONFORMITY TO MODELS OR SAMPLES OF MATERIALS), IT BEING DISTINCTLY UNDERSTOOD THAT THE OIL AND GAS ASSETS ARE BEING SOLD "AS IS," "WHERE IS," AND "WITH ALL FAULTS AS TO ALL MATTERS," (C) ANY INFRINGEMENT BY SELLERS OF ANY PATENT OR PROPRIETARY RIGHT OF ANY THIRD PARTY, (D) ANY INFORMATION, DATA, OR OTHER MATERIALS (WHETHER WRITTEN OR ORAL) FURNISHED TO BUYER BY OR ON BEHALF OF SELLERS (INCLUDING WITHOUT LIMITATION, IN RESPECT OF ANY SEISMIC DATA, THE EXISTENCE OR EXTENT OF HYDROCARBONS OR THE MINERAL RESERVES, THE RECOVERABILITY OF SUCH RESERVES, ANY PRODUCT PRICING ASSUMPTIONS, AND THE ABILITY TO SELL HYDROCARBON PRODUCTION AFTER THE CLOSING), AND (E) THE ENVIRONMENTAL CONDITION AND OTHER CONDITION OF THE OIL AND GAS ASSETS AND ANY POTENTIAL LIABILITY ARISING FROM OR RELATED TO THE OIL AND GAS ASSETS.

(b) Buyer acknowledges and affirms that it has made its own independent investigation, analysis, and evaluation of the transactions contemplated hereby and the Oil and Gas Assets (including Buyer's own estimate and appraisal of the extent and value of Sellers' Hydrocarbon reserves attributable to the Oil and Gas Assets and an independent assessment and appraisal of the environmental risks associated with the acquisition of the Oil and Gas Assets). Buyer acknowledges that in entering into this Agreement, it has relied only on the aforementioned investigation and the express representations and warranties of Sellers contained in this Agreement and the Transaction Documents. Buyer hereby irrevocably covenants to refrain from, directly or indirectly, asserting any claim, or commencing, instituting, or causing to be commenced, any Proceeding of any kind against Sellers or their Affiliates or Subsidiaries, alleging facts contrary to the foregoing acknowledgment and affirmation.

8.9 Casualty.

(a) If, after the date of execution of this Agreement and prior to the Closing, a material part of the Oil and Gas Assets suffers a Casualty Loss or if a material part of the Oil and Gas Assets is taken in condemnation or under the right of eminent domain or if

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proceedings for such purposes are pending or threatened, Sellers shall promptly give Buyer written notice of such occurrence, including reasonable particulars with respect thereto, and this Agreement shall remain in full force and effect notwithstanding any such destruction, taking, proceeding, or threat.

(b) With regard to a Casualty Loss or condemnation occurring after the date of execution of this Agreement and prior to the Closing, subject to Sellers' consent, which shall not be unreasonably withheld, conditioned, or delayed, Buyer may elect to exclude the affected Oil and Gas Assets from this Agreement, whereupon the Purchase Price shall be adjusted downward by the Allocated Value of the affected Oil and Gas Assets, and the affected Oil and Gas Assets shall be treated as Excluded Assets for all purposes under this Agreement.

(c) Unless the Oil and Gas Assets affected by a Casualty Loss are excluded pursuant to Section 8.9(b), (i) at the Closing, the Oil and Gas Assets affected by a Casualty Loss or condemnation shall be included in the Closing and Buyer shall pay the full Allocated Value therefor, subject to any applicable adjustments under this Agreement, and (ii) Buyer's recourse with respect to a condemnation or Casualty Loss shall be limited to the proceeds of Sellers' applicable insurance coverage actually recovered by Sellers in respect thereof or other sums paid to Sellers by third parties (or an assignment of claims related thereto), which proceeds or other sums shall be payable to Buyer only upon or after the Closing of the transactions contemplated hereby. Sellers shall have no other liability or responsibility to Buyer with respect to a condemnation or Casualty Loss, **EVEN IF SUCH CASUALTY LOSS SHALL HAVE RESULTED FROM OR SHALL HAVE ARISEN OUT OF THE SOLE OR CONCURRENT NEGLIGENCE, FAULT, VIOLATION OF A LEGAL REQUIREMENT, OR WILLFUL MISCONDUCT OF SELLER OR ANY SELLER PARTIES.**

(d) Unless the affected Oil and Gas Assets are excluded pursuant to Section 8.9(b), (i) no insurance or condemnation proceeds shall be committed or applied by any Seller to repair, restore or replace a lost, damaged, destroyed or taken portion of the Oil and Gas Assets if the cost to repair, restore or replace a lost, damaged, destroyed or taken portion of the Oil and Gas Assets is projected to exceed \$200,000, (ii) to the extent such proceeds are not committed or applied by any such Seller prior to the Closing Date in accordance with this Section 8.9(d), Sellers shall at the Closing pay to Buyer all sums paid to Sellers by reason of such loss, damage, destruction or taking, less any reasonable costs and expenses incurred by Sellers in collecting such proceeds, (iii) in addition and to the extent such proceeds have not been committed or applied by Sellers in accordance with this Section 8.9(d), in such repair, restoration, or replacement, Sellers shall transfer to Buyer, at the Closing, without recourse against Sellers, all of the right, title, and interest of Sellers in and to any unpaid insurance or condemnation proceeds arising out of such loss, damage, destruction or taking, less any reasonable costs and expenses incurred by Sellers in collecting such proceeds, and (iv) any such funds that have been committed by Sellers for repair, restoration or replacement as aforesaid shall be paid by Sellers for such purposes or, at Sellers' option, delivered to Buyer upon Sellers' receipt from Buyer of adequate assurance and indemnity that Sellers shall incur no liability or expense as a result of such commitment.

*AGSH&F DRAFT 9/22/15***8.10 Successor Operator.**

Sellers shall use their commercially reasonable efforts to support Buyer's efforts to be appointed or to have a designee appointed as the successor operator of those Oil and Gas Assets that any Seller currently operates. Notwithstanding the foregoing, Sellers make no representations or warranties to Buyer as to the transferability of operatorship of any Oil and Gas Assets which any Seller currently operates. Rights and obligations associated with operatorship of the Oil and Gas Assets are governed by operating agreements or similar agreements and will be determined in accordance with the terms of such agreements.

8.11 Preferential Purchase Rights.

(a) Promptly after the Sale Order is entered, Sellers shall deliver to each such holder of a Preferential Purchase Right a notice that is in material compliance with the contractual provisions applicable thereto, offering to sell to each such holder the applicable Oil and Gas Assets subject to such Preferential Purchase Right in exchange for an amount not less than the Allocated Value of such Oil and Gas Asset, or, alternatively, seeking such holder's consent to the assignment of the applicable Oil and Gas Assets to Buyer; it being understood and agreed by the Parties that Sellers shall not be obligated to make any payments or undertake obligations in connection with the obtaining of such consents.

(b) All Oil and Gas Assets that are subject to Preferential Purchase Rights shall be transferred or assigned to Buyer at the Closing, and Buyer shall take title to such Oil and Gas Assets subject to such Preferential Purchase Rights. In the event any holder of a Preferential Purchase Right thereafter exercises its Preferential Purchase Right, Buyer shall assign such affected Oil and Gas Assets to the holder of such Preferential Purchase Right, and such holder shall pay Buyer all proceeds generated from the exercise of such Preferential Purchase Right.

8.12 Accounting Adjustments for Revenues and Expenses.

(a) The Base Purchase Price shall be increased by the following (without duplication): (i) an amount equal to the value of all merchantable allowable oil or other liquid Hydrocarbons in storage owned by Sellers above custody transfer point at the Effective Time that is credited to the Oil and Gas Assets, such value to be the current market price or the price paid, less Taxes and gravity adjustments deducted by the purchaser of such oil or other liquid Hydrocarbons; (ii) an amount equal to the aggregate amount of all costs and expenses paid in connection with the ownership, development, production, operation, and maintenance of the Oil and Gas Assets (including rentals, overhead, royalties, Taxes, and other charges, including overhead charges and other indirect costs and expenses billed under applicable operating agreements or governmental statute(s)) which are properly paid by or on behalf of Sellers, are not subject to reimbursement to Sellers pursuant to a joint interest billing and are attributable to the period on or after the Effective Time; and (iii) any other amount agreed upon by Buyer and Sellers.

(b) The Base Purchase Price shall be decreased by the following (without duplication): (i) the amount of any proceeds actually received by Sellers from the (A)

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sale of Hydrocarbons, produced from and after the Effective Time, from the Oil and Gas Assets (net of royalties and other burdens; and production, severance and similar Taxes and assessments measured by or payable out of production; provided, that (x) on oil the amount shall be the amount paid by the purchaser to Sellers and (y) to the extent such a netting is made, Sellers shall retain the obligation to pay the netted amounts to the Persons to whom such amounts are due); and (B) the rental, sale, salvage, or other disposition of any Oil and Gas Asset during the Straddle Period; and (ii) any other amount agreed upon by Buyer and Sellers.

(c) The Base Purchase Price will be adjusted upward or downward, as applicable, by (i) the net mcf and barrel of oil amount of the aggregate Imbalances attributable to the Net Revenue Interest in the Wells as of the Effective Time multiplied by the [\$] per mcf of gas and the [\$] per barrel of oil for such Well (upward for underage and downward for overage); and (ii) the mmbtu amount of any pipeline Imbalances or unsatisfied throughput obligations attributable to Sellers or the Oil and Gas Assets for Sellers' ownership prior to the Effective Time multiplied by the actual settlement price per mmbtu (upward for over deliveries and downward for under deliveries).

8.13 Initial Adjustment at Closing.

At least five days before the Closing Date, Sellers shall provide to Buyer a statement showing its computations, calculated in good faith, of the amount of the adjustments provided for in Section 3.1 above. Buyer and Sellers shall attempt to agree upon such adjustments prior to Closing, provided that if agreement is not reached, Sellers' computation shall be used at Closing, subject to further adjustment under Section 8.14 below. If the amount of adjustments so determined which would result in a credit to Buyer exceed the amount of adjustments so determined which would result in a credit to Sellers, Buyer shall receive a Base Purchase Price reduction at Closing for the amount of such excess, and if the converse is true, then the amount to be paid by Buyer to Sellers at Closing shall be increased by the amount of such excess.

8.14 Adjustment Post Closing.

On or before one hundred eighty days after Closing, Buyer and Sellers, shall review any information which may then be available pertaining to the adjustments provided for in Section 3.1, shall determine if any additional adjustments should be made beyond those made at Closing (whether the same be made to account for expenses or revenues not considered in making the adjustments made at Closing, or to correct errors made in the adjustments made at Closing), and shall make any such adjustments by appropriate payments from Sellers to Buyer or from Buyer to Sellers. If the Parties fail to agree on final adjustments within such 180 day period, either Party may, within thirty days after the end of such period, submit the disputed items to _____ or another nationally-recognized, United States-based independent public accounting firm on which the Parties mutually agree in writing (the "Accounting Referee"); provided, however, that the Accounting Referee shall not have performed any material work for any Party or their respective Affiliates within three years of the date hereof. If _____ is unable or unwilling to serve as the Accounting Referee and the Parties are unable to agree upon the designation of a Person or entity as substitute Accounting Referee, then Sellers or Buyer, or any of them, may in writing request the Bankruptcy Court to appoint a substitute Accounting Referee; provided that such Person or entity so appointed shall be a national or regional accounting firm

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with no prior material relationships with Sellers or Buyer or their respective Affiliates and shall have experience in auditing companies engaged in oil and gas exploration and development activities. Any unresolved matters described in this Section 8.14 that are not submitted to the Accounting Referee within such thirty day period shall be deemed waived by the Parties, which waiver shall be final and binding on the Parties and the subject matter thereof shall not be subject to further review or audit. The Parties shall direct the Accounting Referee to resolve the disputes within thirty days after submission of the matters in dispute. The Accounting Referee shall act as an expert for the limited purpose of determining the specific disputed matters submitted by either Party and may not award damages or penalties to either Party with respect to any matter. Sellers and Buyer shall share equally the Accounting Referee's costs, fees and expenses (including attorneys' fees). The final settlement statement, whether as agreed between the Parties or as determined by a decision of the Accounting Referee (the "Final Settlement Statement"), shall be binding on, and non-appealable by, the Parties and not subject to further review or audit. Payment by Buyer or Sellers, as applicable, for any outstanding amounts on the Final Settlement Statement shall be made within five Business Days after the date on which all disputes in respect of the Final Settlement Statement are finally resolved (whether by agreement of the Parties or pursuant to the Accounting Referee's decision). During the period between Closing and the point in time when such post-closing adjustment has been agreed, resolved or waived pursuant to this Section 8.14, each Party shall, on a monthly basis, pay over to the other Party any revenue received by it (net of related expenses) with respect to the Oil and Gas Assets which is owed to the other Party as set forth in Section 8.12 above and such payments shall be considered in making such post-closing adjustment. Should any additional adjustments be required after such adjustments thereunder are concluded, such adjustments shall be made by appropriate payments from Buyer to Sellers or from Sellers to Buyer, *provided, however*, in no event shall any adjustments be made beyond twelve months after the Closing Date.

ARTICLE 9

CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER TO CLOSE

The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the satisfaction or waiver, at or prior to the Closing, of each of the following conditions:

9.1 Accuracy of Representations.

The representations and warranties of Sellers set forth in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same effect as though such representations and warranties had been made on and as of the Closing (provided that representations and warranties which are confined to a specified date shall speak only as of such date); *provided, however*, that in the event of a breach of or inaccuracy in the representations and warranties of Sellers set forth in this Agreement, the condition set forth in this Section 9.1 shall be deemed satisfied unless the effect of all such breaches of or inaccuracy in such representations and warranties taken together results in a Material Adverse Effect. Buyer shall have received a certificate of Sellers to such effect signed by a duly authorized officer thereof. If Buyer determines that there has been a breach or inaccuracy of any of Sellers' representations and warranties, it shall provide Sellers with notice of such breach or inaccuracy

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as promptly as reasonably practicable so that Sellers may attempt to cure such breach or inaccuracy to Buyer's reasonable satisfaction on or before the Closing Date.

9.2 Sellers' Performance.

The covenants and agreements that Sellers are required to perform or to comply with pursuant to this Agreement at or prior to the Closing shall have been duly performed and complied with in all material respects (except that those covenants and agreements that are qualified as to materiality or Material Adverse Effect or similar expressions shall have been duly performed and complied with in all respects), and Buyer shall have received a certificate of Sellers to such effect signed by a duly authorized officer thereof.

9.3 No Order.

No Governmental Authority shall have enacted, issued, promulgated or entered any Order which is in effect and has the effect of making illegal or otherwise prohibiting the consummation of the transactions contemplated by this Agreement or could cause any of such transactions to be rescinded following the Closing.

9.4 Sellers' Deliveries.

Each of the deliveries required to be made to Buyer pursuant to Section 4.4 shall have been so delivered.

9.5 Sale Order.

The Bankruptcy Court shall have entered the Sale Order and the Sale Order shall be in full force and effect and shall not be subject to a stay pending appeal.

ARTICLE 10

CONDITIONS PRECEDENT TO THE OBLIGATION OF SELLERS TO CLOSE

Sellers' obligation to consummate the transactions contemplated by this Agreement is subject to the satisfaction or waiver, at or prior to the Closing, of each of the following conditions:

10.1 Accuracy of Representations.

The representations and warranties of Buyer set forth in this Agreement shall be true and correct in all material respects (except that those representations and warranties which are qualified as to materiality or similar expressions shall be true and correct in all respects) as of the Closing Date with the same effect as though such representations and warranties had been made on and as of the Closing Date (provided that representations and warranties which are confined to a specified date shall speak only as of such date), and Sellers shall have received a certificate of Buyer to such effect signed by a duly authorized officer thereof.

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10.2 Sale Order in Effect.

The Bankruptcy Court shall have entered the Sale Order and the Sale Order shall be in full force and effect and shall not be subject to a stay pending appeal.

10.3 Buyer's Performance.

The covenants and agreements that Buyer is required to perform or to comply with pursuant to this Agreement at or prior to the Closing shall have been performed and complied with in all material respects (except that those covenants and agreements that are qualified as to materiality or similar expressions shall have been duly performed and complied with in all respects), and Sellers shall have received a certificate of Buyer to such effect signed by a duly authorized officer thereof.

10.4 No Order.

No Governmental Authority shall have enacted, issued, promulgated or entered any Order which is in effect and which has the effect of making illegal or otherwise prohibiting the consummation of the transactions contemplated by this Agreement or could cause any of such transactions to be rescinded following the Closing.

10.5 Buyer's Deliveries.

Each of the deliveries required to be made to Sellers pursuant to Section 4.3 shall have been so delivered.

10.6 Price Adjustment Limitation.

The aggregate downward adjustment (if any) to the Base Purchase Price which results from the procedures set forth in Section 8.9(b) and Article 12 do not exceed fifteen percent of the Base Purchase Price.

ARTICLE 11

TERMINATION

11.1 Termination Events.

Anything contained in this Agreement to the contrary notwithstanding, this Agreement may be terminated at any time prior to the Closing:

(a) by either Sellers or Buyer:

(i) if a Governmental Authority issues a final, non-appealable ruling or Order prohibiting the transactions contemplated hereby where such ruling or Order was not requested, encouraged or supported by any of Sellers or Buyer;

(ii) by mutual written consent of Sellers and Buyer;

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(iii) if the Closing shall not have occurred by the close of business on [•](the "Outside Date"); *provided, however*, that if the Closing has not occurred by such date, but on such date all of the conditions set forth in Article 9 and Article 10 have been satisfied or waived (to the extent such conditions may be waived) other than any approval or consent from a Governmental Authority required for the Closing to occur, then the Outside Date shall automatically be extended until six months after such date (and such date shall be deemed to be the "Outside Date" for all purposes hereunder); *provided, further*, that (A) Buyer shall be permitted to terminate this Agreement pursuant to this Section 11.1(a)(iii) only if (x) Buyer is not itself in material breach of any of its representations, warranties, covenants or agreements contained herein and (y) Buyer has provided written notice to Sellers of its intention to exercise its rights under this Section 11.1(a)(iii) and Sellers have not provided written notice to Buyer that they are ready, willing and able to close the transactions contemplated by this Agreement on or before the date that is five Business Days after the date of such notice from Buyer, and (B) Sellers shall be permitted to terminate this Agreement pursuant to this Section 11.1(a)(iii) only if (x) Sellers are not themselves in material breach of any of their representations, warranties, covenants or agreements contained herein and (y) Sellers have provided written notice to Buyer of their intention to exercise their rights under this Section 11.1(a)(iii) and Buyer has not provided written notice to Sellers that it is ready, willing and able to close the transactions contemplated by this Agreement on or before the date that is five (5) Business Days after the date of such notice from Sellers;

(iv) if Sellers withdraw the Sale Motion, or file any stand-alone plan of reorganization or liquidation (or support any such plan filed by any other party); or

(v) if the Bankruptcy Court enters an Order dismissing, or converting into cases under chapter 7 of the Bankruptcy Code, any of the cases commenced by Sellers under chapter 11 of the Bankruptcy Code and comprising part of the Bankruptcy Case, where such Order was not requested, encouraged or supported by Sellers;

(b) by Buyer in the event of any breach by Sellers of any of Sellers' agreements, covenants, representations or warranties contained herein (*provided* such breach would result in the failure of a condition set forth in Section 9.1 or Section 9.2 to be satisfied) or (if such breach is material) in the Sale Order, and the failure of Sellers to cure such breach within ten days after receipt of the Buyer Termination Notice; *provided, however*, that (A) Buyer is not itself in material breach of any of its representations, warranties, covenants or agreements contained herein or in the Bidding Procedures Order or the Sale Order, (B) Buyer notifies Sellers in writing (the "Buyer Termination Notice") of its intention to exercise its rights under this Section 11.1(b) as a result of the breach, and (C) Buyer specifies in the Buyer Termination Notice the representation, warranty, covenant or agreement contained herein or in the Sale Order of which Sellers are allegedly in breach;

(c) by Sellers:

(i) in the event of any breach by Buyer of any of Buyer's agreements, covenants, representations or warranties contained herein (*provided* such breach would result in the failure of a condition set forth in Section 10.1 or Section 10.3 to be satisfied) or (if such breach is material) in the Sale Order, and the failure of Buyer to cure such breach

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within ten days after receipt of the Seller Termination Notice; *provided, however*, that Sellers (A) are not themselves in material breach of any of their representations, warranties, covenants or agreements contained herein or in the Bidding Procedures Order or the Sale Order, (B) notify Buyer in writing (the "Seller Termination Notice") of their intention to exercise their rights under this Section 11.1(c)(i) as a result of the breach, and (C) specify in the Seller Termination Notice the representation, warranty, covenant or agreement contained herein or in the Sale Order of which Buyer is allegedly in breach; or

(ii) if the aggregate sum of (i) the Title Defect Amounts for all Title Defects asserted by Buyer pursuant to Section 12.1, (ii) the Environmental Defect Amounts for all Environmental Defects asserted by Buyer pursuant to Section 12.6, and (iii) the aggregate downward adjustments to the Purchase Price asserted by Buyer pursuant to Section 8.9(b), exceeds twenty percent of the Base Purchase Price.

11.2 Effect of Termination.

(a) In the event of termination of this Agreement by Buyer or Sellers pursuant to this Article 11, all rights and obligations of the Parties under this Agreement shall terminate without any Liability of any Party to any other Party; *provided, however*, that nothing herein shall relieve any Party from liability for breach of this Agreement prior to such termination. The provisions of this Section 11.2 (and, to the extent applicable to the interpretation or enforcement of such provisions, Article 1 and Article 13), shall expressly survive the termination of this Agreement.

(b) Each Party acknowledges that the agreements contained in this Section 11.2 are an integral part of the transactions contemplated by this Agreement, that without these agreements such Party would not have entered into this Agreement.

ARTICLE 12

TITLE AND ENVIRONMENTAL MATTERS

12.1 Title Defects.

Buyer shall deliver to Sellers prior to the hearing scheduled pursuant to the Bidding Procedures Order to seek entry of the Sale Order (the "Defect Deadline") a written notice of all Title Defects asserted by Buyer (a "Title Defect Notice"). To be effective, the Title Defect Notice shall include: (i) a description of the alleged Title Defect identifying the Property affected thereby, (ii) Buyer's good faith reasonable estimation of the Title Defect Amount with respect to each Title Defect, and the computations for such Title Defect Amount, and (iii) all internal or external engineering or other reports (and work papers related thereto reflecting information with respect to the Properties to which each asserted Title Defect relates) prepared by or for Buyer with respect to the Properties reasonably supporting Buyer's assertion of each Title Defect and the Title Defect Amount. Upon receipt of a Title Defect Notice, the Sellers shall have the right and opportunity, but not the obligation, to Cure any Title Defect.

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12.2 Title Defect Amount.

The term "Title Defect Amount" shall mean, with respect to any Title Defect, the amount by which the Allocated Value of the Property affected by such Title Defect is reduced as a result of the existence of such Title Defect and shall be determined in accordance with the following methodology, terms and conditions:

(a) if the Title Defect is an Encumbrance which is undisputed and liquidated in amount, then the Title Defect Amount shall be the amount necessary to be paid to remove the Title Defect from the affected Property;

(b) if the Title Defect represents a discrepancy between the actual Net Revenue Interest for a Well and the Net Revenue Interest for such Well set forth on Exhibit B, then the Title Defect Amount shall be the product of the Allocated Value of such Well multiplied by a fraction, the numerator of which is the decrease in such Net Revenue Interest and the denominator of which is the Net Revenue Interest set forth on Exhibit B;

(c) if the Title Defect represents an Encumbrance or other defect in title to any Property of a type not described in subsections (a) or (b) above, then the Title Defect Amount shall be determined by taking into account the Allocated Value of the affected Property, the portion of such Property affected by the Title Defect, the legal effect of the Title Defect, the potential economic effect of the Title Defect over the economic life of the affected Property, and such other factors as are necessary to make a proper evaluation; and

(d) notwithstanding anything to the contrary in this Section 12.2, the aggregate value of all Title Defect Amounts attributable to the effects of all Title Defects upon any specific Property shall not exceed the Allocated Value of such Property.

12.3 Additional Interests.

On or before the Defect Deadline, Sellers may notify Buyer in writing if Sellers determine that Sellers have (a) a lesser Working Interest in any Well (without a proportionate decrease in the corresponding Net Revenue Interest for such Well) than that shown on Exhibit B for such Well, or (b) a greater Net Revenue Interest in any Well (without a proportionate increase in the corresponding Working Interest for such Well) than that shown on Exhibit B for such Well (collectively, such items shall be referred to as an "Additional Interest"). To be effective, such notice shall include: (i) a description of the alleged Additional Interest (including identifying the Properties affected thereby); (ii) Sellers' reasonable estimation of the Additional Interest Amount with respect to each Additional Interest, and the computations for such Additional Interest Amount and (iii) documentation or other evidence reasonably supporting Sellers' assertion of each Additional Interest and Additional Interest Amount. The amount by which the Allocated Value of the Properties affected by an Additional Interest shall be increased as a result of the existence of such Additional Interest (the "Additional Interest Amount") shall be determined in accordance with the provisions of Section 12.2 *mutatis mutandis*.

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12.4 Limitations on Adjustments for Title Defects.

Notwithstanding anything herein to the contrary, no single Title Defect shall be taken into account unless the applicable Title Defect Amount is determined to be more than the Individual Title Defect Threshold. No adjustment will be made to the Purchase Price for Uncured Title Defects unless the total of all Title Defect Amounts that exceed the Individual Title Defect Threshold exceeds the Aggregate Title Defect Deductible. In the event that the aggregate of all such Title Defect Amounts in excess of the Individual Title Defect Threshold exceeds the Aggregate Title Defect Deductible, the adjustment to the Purchase Price shall only be for the amount by which the total of all such Title Defect Amounts exceeds the Aggregate Title Defect Deductible. Buyer shall be deemed to have waived all Title Defects of which Sellers have not been given notice in accordance with Section 12.1, any Liability related to such Title Defect shall be assumed by Buyer and such Title Defect shall be deemed to have become a Permitted Encumbrance.

12.5 Resolution of Title Defects.

(a) If Buyer delivers a Title Defect Notice as provided in Section 12.1, then Sellers may, but shall not be obligated to, object to any Title Defect and/or any Title Defect Amount as set forth in the Title Defect Notice by submitting a written notice to Buyer within ten Business Days after the Sellers' receipt of a Title Defect. Within twelve Business Days after the Sellers' receipt of a Title Defect Notice, representatives of the Parties, knowledgeable in title matters, shall meet and, within two Business Days after their first meeting use their good faith efforts to: (i) agree to mutually reject the particular Title Defect or Additional Interest; (ii) in the case of a Title Defect, agree on the validity of such Title Defect, and the respective Title Defect Amount, and at the option of Sellers, either (x) attempt to Cure the Title Defect, in which case Sellers shall have sixty days after the date of such agreement within which to Cure such Title Defect and failing such Cure, to adjust the Purchase Price downward by the amount of the agreed Title Defect Amount, or (y) adjust the Purchase Price downward by the amount of the agreed Title Defect Amount; or (iii) in the case of an Additional Interest, adjust the Purchase Price upward by the amount of the Additional Interest Amount. If the Parties cannot agree on either (i), (ii) or (iii) in the preceding sentence, the Parties shall proceed as more particularly set forth in Section 12.5(b) and (c).

(b) If a contested Title Defect or Title Defect Amount cannot be resolved prior to Closing, then, the affected Properties shall nevertheless be included with the Oil and Gas Assets conveyed to Buyer at Closing, and Buyer shall pay for the Property at Closing in accordance with this Agreement as though there were no Title Defect and the final determination of the Title Defect and/or Title Defect Amount shall be resolved pursuant to Section 12.5(c). If a contested Additional Interest or Additional Interest Amount cannot be resolved prior to Closing, then, the affected Properties shall nevertheless be included with the Oil and Gas Assets conveyed to Buyer at Closing, the Purchase Price shall be adjusted upward by the amount of the Additional Interest Amount asserted by Sellers, and the final determination of the Additional Interest Amount shall be resolved pursuant to Section 12.5(c).

(c) If the Parties fail to agree on the existence of a Title Defect, Additional Interest, Title Defect Amount or Additional Interest Amount prior to the Closing,

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after written notice to the other Party, either Party may submit any such Title Defect, Additional Interest, Title Defect Amount or Additional Interest Amount to a single arbitrator, who shall be a title attorney with at least twenty years' experience in oil and gas titles involving properties in the regional area in which the Properties affected by the Title Defect and/or the Additional Interest, as applicable, are located, as selected by mutual agreement of the Parties, and absent such agreement, by the Dallas, Texas office of the American Arbitration Association (the "Title Referee"). The Parties shall direct the Title Referee to resolve any such dispute within thirty days after its receipt of all relevant materials pertaining thereto, being in no event greater than forty-five days after referral of the matter to the Title Referee. The Title Referee shall act as an expert for the limited purpose of determining the specific disputed matters submitted by either Party and may not award damages or penalties to either Party with respect to any matter. Sellers, on the one hand, and Buyer, on the other, shall share equally the Title Referee's costs, fees and expenses (including attorneys' fees). The determination of the Title Referee shall be made in writing, shall be binding upon and non-appealable by the Parties and shall not be subject to further review, audit or arbitration. Upon final determination of any outstanding Title Defect Amount and/or Additional Interest Amount (whether by mutual agreement of the Parties or pursuant to the Title Referee's determination), Sellers or Buyer, as applicable, shall pay to the other the final Title Defect Amount and/or the final Additional Interest Amount, as applicable. If neither Party submits a Title Defect, Additional Interest, Title Defect Amount or Additional Interest Amount to the Title Referee within thirty days from the Closing Date, then the Parties shall be deemed to have waived their rights with respect to such Title Defect, Additional Interest, Title Defect Amount and/or Additional Interest Amount, as applicable.

12.6 Environmental Defects.

Buyer shall give Sellers written notice of any Environmental Defects alleged by Buyer in good faith no later than the Defect Deadline (such notice, the "Environmental Defect Notice"). The Environmental Defect Notice shall be in writing and shall include: (i) a description of each Environmental Defect (identifying the Properties affected thereby); (ii) Buyer's reasonable estimation of the Environmental Defect Amount with respect to each Environmental Defect, and (iii) documentation or other evidence completely supporting Buyer's assertion of each Environmental Defect and Environmental Defect Amount. Upon receipt of such notice, Sellers shall have the right and the opportunity, but not the obligation, to Cure any Environmental Defects. Any Environmental Defect that is not included in the Environmental Defect Notice shall thereafter be forever waived.

12.7 Resolution of Environmental Defects.

(a) Sellers and Buyer shall attempt to agree on the existence of any Environmental Defect and the associated Environmental Defect Amount prior to Closing and if the Parties agree on the existence of an Environmental Defect, then the Purchase Price shall be reduced at Closing by the amount agreed by the Parties as such Environmental Defect Amount. If Sellers and Buyer are unable to agree on the existence of an Environmental Defect or the associated Environmental Defect Amount prior to Closing, then (1) the affected Property shall nevertheless be included in the Oil and Gas Assets purchased by, and conveyed to Buyer at Closing, (2) the Purchase Price shall be reduced by the amount that Sellers have proposed as the Environmental Defect Amount with respect to such Environmental Defect, if any, and (3) the

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final determination of the Environmental Defect and the Environmental Defect Amount shall be resolved pursuant to Section 12.7(b).

(b) After written notice to the other Party prior to the Closing, but within thirty days after the Closing Date, either Party may submit any such Environmental Defect or Environmental Defect Amount to a single arbitrator, who shall be an environmental attorney with at least twenty years' experience in environmental matters involving oil and gas producing properties in the regional area in which the affected Properties are located, as selected by mutual agreement of the Parties, or absent such agreement, by the Houston, Texas office of the American Arbitration Association (the "Environmental Referee"). The Parties shall direct the Environmental Referee to resolve any such dispute within thirty days after its receipt of all relevant materials pertaining thereto, being in no event greater than forty-five days after referral of the matter to the Environmental Referee. The Environmental Referee shall act as an expert for the limited purpose of determining the specific disputed matters submitted by either Party and may not award damages or penalties to either Party with respect to any matter. Buyer, on one side, and Sellers, on the other, shall share equally the Environmental Referee's costs, fees and expenses (including attorneys' fees). The determination of the Environmental Referee shall be made in writing, shall be binding upon and non-appealable by the Parties and shall not be subject to further review, audit or arbitration. Upon final determination of any outstanding Environmental Defect Amount (whether by mutual agreement of the Parties or pursuant to the Environmental Referee's determination), Buyer or Sellers, as applicable, shall pay to the other the difference, if any, between the final Environmental Defect Amount and the amount by which the Purchase Price was reduced, if any, in respect of the applicable Environmental Defect at Closing. If neither Party submits an Environmental Defect or Environmental Defect Amount to the Environmental Referee within thirty days from the Closing Date, then Buyer and Sellers shall be deemed to have agreed that such Environmental Defect Amount with respect to which Sellers elected to reduce the Purchase Price pursuant to Section 12.7(a), if any, is acceptable and shall be deemed to have waived their rights with respect to such Environmental Defect and Environmental Defect Amount.

12.8 Limitations on Adjustments for Environmental Defects.

Notwithstanding anything herein to the contrary, no single Environmental Defect shall be taken into account unless the applicable Environmental Defect Amount is determined to be more than the Individual Environmental Defect Threshold. No adjustment will be made to the Purchase Price for Uncured Environmental Defects unless the total of all Uncured Environmental Defect Amounts that exceed the Individual Environmental Defect Threshold exceeds the Aggregate Environmental Defect Deductible. In the event that the aggregate of all such Environmental Defect Amounts in excess of the Individual Environmental Defect Threshold exceeds the Aggregate Environmental Defect Deductible, the adjustment to the Purchase Price shall only be for the amount by which the total of all such Environmental Defect Amounts exceeds the Aggregate Environmental Defect Deductible.

12.9 NORM.

BUYER ACKNOWLEDGES THAT THE OIL AND GAS ASSETS HAVE BEEN USED FOR EXPLORATION, DEVELOPMENT AND PRODUCTION OF HYDROCARBONS AND WATER AND THAT

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THERE MAY BE PETROLEUM, PRODUCED WATER, WASTES OR OTHER MATERIALS LOCATED ON, UNDER OR ASSOCIATED WITH THE OIL AND GAS ASSETS. EQUIPMENT AND SITES INCLUDED IN THE OIL AND GAS ASSETS MAY CONTAIN NORM. NORM MAY AFFIX OR ATTACH ITSELF TO THE INSIDE OF WELLS, MATERIALS AND EQUIPMENT AS SCALE, OR IN OTHER FORMS; THE WELLS, MATERIALS AND EQUIPMENT LOCATED ON OR INCLUDED IN THE OIL AND GAS ASSETS MAY CONTAIN NORM AND OTHER WASTES OR HAZARDOUS SUBSTANCES/MATERIALS; AND NORM CONTAINING MATERIAL AND OTHER WASTES OR HAZARDOUS SUBSTANCES/MATERIALS MAY HAVE BEEN BURIED, COME IN CONTACT WITH THE SOIL OR OTHERWISE BEEN DISPOSED OF ON OR AROUND THE OIL AND GAS ASSETS. SPECIAL PROCEDURES MAY BE REQUIRED FOR THE REMEDIATION, REMOVAL, TRANSPORTATION OR DISPOSAL OF WASTES, ASBESTOS, HAZARDOUS SUBSTANCES/MATERIALS, INCLUDING HYDROGEN SULFIDE GAS AND NORM FROM THE OIL AND GAS ASSETS. FROM AND AFTER THE CLOSING, BUYER SHALL ASSUME RESPONSIBILITY FOR THE CONTROL, STORAGE, HANDLING, TRANSPORTING AND DISPOSING OF OR DISCHARGE OF ALL MATERIALS, SUBSTANCES AND WASTES FROM THE OIL AND GAS ASSETS (INCLUDING PRODUCED WATER, HYDROGEN SULFIDE GAS, DRILLING FLUIDS, NORM AND OTHER WASTES), PRESENT AFTER THE EFFECTIVE TIME, IN A SAFE AND PRUDENT MANNER AND IN ACCORDANCE WITH ALL APPLICABLE ENVIRONMENTAL LAWS.

12.10 Sole Remedy.

Buyer hereby acknowledges and agrees that Buyer's sole and exclusive remedy for any Title Defect or any other defect in title or any other title matter, including any Encumbrance, with respect to any Oil and Gas Assets, or otherwise shall be as set forth in this Article 12, and Buyer hereby expressly waives any and all other rights or remedies with respect thereto. THIS ARTICLE 12 CONSTITUTES THE SOLE AND EXCLUSIVE REMEDY AND RIGHT OF RECOVERY THAT BUYER SHALL HAVE AGAINST SELLERS WITH RESPECT TO ANY CIRCUMSTANCE WITH RESPECT TO THE OIL AND GAS ASSETS RELATING TO ENVIRONMENTAL LAWS, THE RELEASE OF MATERIALS INTO THE ENVIRONMENT OR PROTECTION OF THE ENVIRONMENT OR PUBLIC HEALTH AND BUYER MAY NOT CLAIM ANY FACT, CIRCUMSTANCE OR MATTER THAT WOULD CONSTITUTE AN ENVIRONMENTAL DEFECT UNDER THIS ARTICLE 12 AS THE BASIS FOR ANY OTHER REDRESS UNDER THIS AGREEMENT OR OTHERWISE.

ARTICLE 13

GENERAL PROVISIONS

13.1 Survival.

All covenants and agreements contained herein which by their terms are to be performed in whole or in part, or which prohibit actions, subsequent to the Closing shall, solely to the extent such covenants and agreements are to be performed, or prohibit actions, subsequent to the Closing, survive the Closing in accordance with their terms. Subject to the following sentence, all other covenants and agreements contained herein, and all representations and warranties contained herein or in any certificated deliveries hereunder, shall not survive the Closing and shall thereupon terminate, including any Actions for damages in respect of any breach thereof. Notwithstanding anything to the contrary, the indemnity obligations set forth in

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Section 5.19, Section 6.6, and Section 7.1(c) and the representation and warranties set forth in Section 5.19 and Section 6.6 shall survive indefinitely.

13.2 Confidentiality.

The Parties agree that the confidentiality agreement entered into by them and their Affiliates, dated [•] (the "Confidentiality Agreement"), shall continue in full force and effect notwithstanding the execution and delivery by the Parties of this Agreement; *provided, however*, that (a) disclosure of matters that become a matter of public record as a result of the Bankruptcy Case and the filings related thereto shall not constitute a breach of such Confidentiality Agreement, and (b) disclosures permitted under this Agreement shall not constitute a breach of such Confidentiality Agreement.

13.3 Public Announcements.

Unless otherwise required by applicable Legal Requirement or by obligations of Buyer or Sellers or their respective Affiliates pursuant to any listing agreement with or rules of any securities exchange, Buyer, on the one hand, and Sellers, on the other hand, shall consult with each other before issuing any press release or otherwise making any public statement with respect to this Agreement, the transactions contemplated hereby or the activities and operations of the other and shall not issue any such release or make any such statement without the prior written consent of the other (such consent not to be unreasonably withheld or delayed).

13.4 Notices.

All notices, consents, waivers and other communications under this Agreement must be in writing and shall be deemed to have been duly given when (a) delivered by hand (with written confirmation of receipt), (b) sent by email (with read receipt requested, with the receiving Party being obligated to respond affirmatively to any read receipt requests delivered by the other Party), (c) received by the addressee, if sent by a delivery service (prepaid, receipt requested) or (d) received by the addressee, if sent by registered or certified mail (postage prepaid, return receipt requested), in each case to the appropriate addresses and representatives (if applicable) set forth below (or to such other addresses and representatives as a Party may designate by notice to the other Parties):

(i) If to Sellers, then to:

Quicksilver Resources Inc.
801 Cherry Street, Suite 3700, Unit 19
Fort Worth, Texas 76102
Attn: Vanessa Gomez
E-mail: vgomez@qrinc.com

and

Quicksilver Resources Inc.
801 Cherry Street, Suite 3700, Unit 19
Fort Worth, Texas 76102

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Attn: Law Department
E-mail: ahouse@qrinc.com

with a copy (which shall not constitute notice) to:

Akin Gump Strauss Hauer & Feld LLP
1700 Pacific Avenue, Suite 4100
Dallas, Texas 75201
Attn: Sarah Link Schultz
E-mail: sschultz@akingump.com

and

Akin Gump Strauss Hauer & Feld LLP
One Bryant Park, Bank of America Tower
New York, New York 10036
Attn: Stephen B. Kuhn
E-mail: skuhn@akingump.com

(ii) If to Buyer:

[•]

with a copy (which shall not constitute notice) to:

[•]

with a copy (which shall not constitute notice) to:

[•]

13.5 Waiver, Waiver of Damages.

Neither the failure nor any delay by any Party in exercising any right, power or privilege under this Agreement or the documents referred to in this Agreement shall operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege shall preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. To the maximum extent permitted by applicable law, (a) no waiver that may be given by a Party shall be applicable except in the specific instance for which it is given, and (b) no notice to or demand on one Party shall be deemed to be a waiver of any right of the Party giving such notice or demand to take further action without notice or demand. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, NO PARTY SHALL BE LIABLE TO THE OTHER FOR SPECIAL, INDIRECT, EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF, ASSOCIATED WITH, OR RELATING TO THIS AGREEMENT (INCLUDING LOSS OF PROFIT OR BUSINESS INTERRUPTIONS, HOWEVER SAME MAY BE CAUSED) AND THE PARTIES HEREBY WAIVE ALL CLAIMS FOR ANY SUCH DAMAGES.

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13.6 Entire Agreement; Amendment.

This Agreement (including the Schedules and the Exhibits) and the other Transaction Documents supersede all prior agreements between Buyer, on the one hand, and Sellers, on the other hand, with respect to its subject matter and constitute a complete and exclusive statement of the terms of the agreements between Buyer, on the one hand, and Sellers, on the other hand, with respect to their subject matter. This Agreement may not be amended except by a written agreement executed by all of the Parties.

13.7 Assignment.

This Agreement, and the rights, interests and obligations hereunder, shall not be assigned by any Party by operation of law or otherwise without the express written consent of the other Parties (which consent may be granted or withheld in the sole discretion of such other Party); *provided, however*, that Buyer shall be permitted, upon prior notice to Sellers, to assign all or part of its rights or obligations hereunder to one or more of its Affiliates, but no such assignment shall relieve Buyer of its obligations under this Agreement.

13.8 Severability.

The provisions of this Agreement shall be deemed severable, and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability.

13.9 Expenses.

Whether or not the transactions contemplated by this Agreement are consummated, the Parties shall bear their own respective expenses (including all compensation and expenses of counsel, financial advisors, consultants, actuaries and independent accountants) incurred in connection with this Agreement and the transactions contemplated hereby.

13.10 Time of Essence.

Time shall be of the essence with respect to all time periods and notice periods set forth in this Agreement.

13.11 Governing Law; Consent to Jurisdiction and Venue; Jury Trial Waiver.

(a) EXCEPT TO THE EXTENT THE MANDATORY PROVISIONS OF THE BANKRUPTCY CODE APPLY, THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED ENTIRELY IN SUCH STATE WITHOUT REGARD TO PRINCIPLES OF

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CONFLICTS OR CHOICE OF LAWS OR ANY OTHER LAW THAT WOULD MAKE THE LAWS OF ANY OTHER JURISDICTION OTHER THAN THE STATE OF TEXAS APPLICABLE HERETO.

(b) Without limitation of any Party's right to appeal any Order of the Bankruptcy Court, (i) the Bankruptcy Court shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide any claims or disputes which may arise or result from, or be connected with, this Agreement, any breach or default hereunder, or the transactions contemplated hereby and (ii) any and all claims relating to the foregoing shall be filed and maintained only in the Bankruptcy Court, and the Parties hereby consent and submit to the exclusive jurisdiction and venue of the Bankruptcy Court and irrevocably waive the defense of an inconvenient forum to the maintenance of any such Action or Proceeding; *provided, however*, that, if the Bankruptcy Case is closed, all Actions and Proceedings arising out of or relating to this Agreement shall be heard and determined in a Texas state court or a federal court sitting in Fort Worth, Texas, and the Parties hereby irrevocably submit to the exclusive jurisdiction and venue of such courts in any such Action or Proceeding and irrevocably waive the defense of an inconvenient forum to the maintenance of any such Action or Proceeding. The Parties consent to service of process by mail (in accordance with Section 13.4) or any other manner permitted by law.

(c) **THE PARTIES HEREBY IRREVOCABLY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED IN CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF SELLERS, BUYER OR THEIR RESPECTIVE REPRESENTATIVES IN THE NEGOTIATION OR PERFORMANCE HEREOF.**

13.12 Counterparts.

This Agreement and any amendment hereto may be executed in two or more counterparts, each of which shall be deemed to be an original of this Agreement or such amendment and all of which, when taken together, shall constitute one and the same instrument. Notwithstanding anything to the contrary in Section 13.4, delivery of an executed counterpart of a signature page to this Agreement or any amendment hereto by telecopier or email attachment shall be effective as delivery of a manually executed counterpart of this Agreement or such amendment, as applicable.

13.13 Parties in Interest; No Third Party Beneficiaries.

This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns. This Agreement is for the sole benefit of the Parties and their permitted assigns, and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable benefit, claim, cause of action, remedy or right of any kind.

13.14 Non-Recourse.

No past, present or future director, officer, employee, incorporator, member, partner or equity holder of Buyer or any Seller shall have any Liability for any obligations or

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liabilities of such Party under this Agreement or any other Transaction Document, for any claim based on, in respect of, or by reason of the transactions contemplated hereby and thereby.

13.15 Disclosure Schedules; Materiality.

The inclusion of any matter in any Disclosure Schedule shall be deemed to be an inclusion for all purposes of this Agreement, in all other Disclosure Schedules to the extent that such disclosure is sufficient to identify the matter to which such disclosure is responsive and reasonably apparent on its face, but inclusion therein shall not be deemed to constitute an admission, or otherwise imply, that any such matter is material or creates a measure for materiality for purposes of this Agreement. The disclosure of any particular fact or item in any Disclosure Schedule shall not be deemed an admission as to whether the fact or item is "material" or would constitute a "Material Adverse Effect."

13.16 WAIVER OF TEXAS DECEPTIVE TRADE PRACTICES – CONSUMER PROTECTION ACT.

BUYER EXPRESSLY ACKNOWLEDGES AND RECOGNIZES THAT THE PRICE FOR WHICH SELLERS HAVE AGREED TO SELL THE OIL AND GAS ASSETS AND PERFORM ITS OBLIGATIONS UNDER THE TERMS OF THIS AGREEMENT HAS BEEN PREDICATED UPON THE INAPPLICABILITY OF THE TEXAS DECEPTIVE TRADE PRACTICES - CONSUMER PROTECTION ACT, TEX. BUS. & COM. CODE § 17.41 *ET SEQ.* (THE "DTPA"), OR ANY SIMILAR STATUTE, AND THE WAIVER OF THE DTPA, AND ANY SIMILAR STATUTE, BY BUYER, SET FORTH IN THIS SECTION 13.16. BUYER'S RIGHTS AND REMEDIES WITH RESPECT TO THIS TRANSACTION AND WITH RESPECT TO ALL ACTS OR PRACTICES OF SELLERS, PAST, PRESENT, OR FUTURE, IN CONNECTION WITH THIS TRANSACTION SHALL BE GOVERNED BY LEGAL PRINCIPLES OTHER THAN THE DTPA, OR ANY SIMILAR STATUTE OF ANY JURISDICTION THAT MAY BE APPLICABLE TO THE TRANSACTIONS CONTEMPLATED HEREBY. BUYER HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES THE APPLICABILITY OF THE DTPA, OR ANY SIMILAR STATUTE, TO THIS TRANSACTION AND ANY AND ALL RIGHTS, DUTIES, OR REMEDIES THAT MIGHT BE IMPOSED BY THE DTPA, OR ANY SIMILAR STATUTE.

[Signature page follows.]

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered by their duly authorized representatives, all as of the day and year first above written.

QUICKSILVER RESOURCES INC.

By: _____
Name: _____
Title: _____

COWTOWN GAS PROCESSING, L.P.

By: _____
Name: _____
Title: _____

COWTOWN PIPELINE, L.P.,

By: _____
Name: _____
Title: _____

[BUYER]

By: _____
Name: _____
Title: _____

Exhibit 2

Confidentiality Agreement

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Confidentiality and Non-Disclosure Agreement

This Confidentiality and Non-Disclosure Agreement (this "Agreement"), effective as of September _____, 2015 (the "Effective Date"), is entered into by _____, a _____ (the "Recipient") and Quicksilver Resources Inc., a Delaware corporation, ("Quicksilver"); (and each a "Party" and collectively, the "Parties").

WHEREAS, in connection with the Parties' discussion, and Recipient's consideration, of a possible transaction (the "Transaction") involving the purchase by Recipient of some or all of the assets of Quicksilver and certain of its domestic subsidiaries, each of which is a debtor-in-possession in certain Chapter 11 cases in the United States Bankruptcy Court for the District of Delaware jointly administered under Case No. 15-10585 (LSS) (the "Chapter 11 Cases"), Quicksilver is prepared, subject to the terms and conditions of this Agreement to make available to Recipient certain Confidential Information (as defined below);

WHEREAS, each Party wishes to protect and preserve such Confidential Information, it being understood that Quicksilver would be significantly harmed by the disclosure of any such Confidential Information.

NOW, THEREFORE, in consideration of Quicksilver furnishing Recipient the Confidential Information, the mutual promises contained herein and the benefits to be derived by each Party hereunder, the Parties agree as follows:

1. Certain Definitions. As used in this Agreement:

(a) "Affiliate" means, with respect to any specified Person (as defined below), any other Person that directly or indirectly controls, is controlled by, or is under common control with such specified Person. The term "control," when used with respect to any specified Person, means the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have correlative meanings.

(b) "Confidential Information" means any information or data concerning the Transaction, Quicksilver or any of its U.S. domestic subsidiaries, whether in oral, visual, written, electronic or other form, that is or was disclosed to or learned by Recipient or its Representatives on or after the Effective Date, including, without limitation, (i) information pertaining to Quicksilver and its past, present or future business operations, business concepts and strategies, models, pricing methods, historical and projected financial information, forecasts, budgets, cost structure, products, services, relationships with third parties and other third party information, customer and vendor information, potential customers, employees, vendors or suppliers, intellectual property, trade secrets, technical data, programs, techniques, processes, know-how, and marketing plans, (ii) the terms, conditions or other information pertaining to the Transaction and any discussion in connection therewith, and (iii) all notes, memoranda, summaries, analyses, compilations and other writings related thereto and any information derived, summarized or extracted from any of the information described in this Section 1(b), including without limitation, all portions of reports, analyses, compilations, studies, interpretations, records, notes or other materials prepared by Recipient or its Representatives or

otherwise on Recipient's behalf that contain, are based on, or otherwise reflect or are generated in whole or in part from such information, including that stored on any computer, word processor, similar device or any copies, electronic or otherwise, and reproductions thereof. For the avoidance of doubt, "Confidential Information" shall not include any information or data concerning Quicksilver Resources Canada Inc. or its Canadian domestic subsidiaries. Notwithstanding the foregoing, "Confidential Information" does not include information or data that Recipient can clearly establish by written documentation: (a) was independently developed by Recipient or its Representatives without the benefit of the Confidential Information, (b) is or becomes generally available to the public, other than as a result of a disclosure by Recipient or its Representatives in breach of this Agreement, or (c) is or becomes available to Recipient on a non-confidential basis from a source other than Quicksilver or any of its Representatives, so long as that source is not prohibited by a contractual, legal, or fiduciary obligation of confidentiality owed to Quicksilver or other Person from disclosing such information or data to Recipient.

(c) "including" means "including, without limitation."

(d) "Person" means any natural person, business, corporation, company, association, limited liability company, partnership, limited partnership, limited liability partnership, joint venture, business enterprise, trust, governmental authority or other legal entity.

(e) "Representatives" means a Party's Affiliates and a Party's and its Affiliates' respective directors, officers, employees, managers, agents and advisors (including attorneys, accountants, investment bankers, trustees, financing sources, lenders and co-investors), consultants and other representatives, and representatives of any of the foregoing. Notwithstanding anything else herein to the contrary, it is understood and agreed that the term "Representatives" shall not include, (a) any of Recipient's and its Affiliates' Representatives that are not involved in consideration of the Transaction or that do not reasonably need to know the applicable Confidential Information for the purpose of evaluating the Transaction, and (b) without Quicksilver's prior written consent, any member or prospective member of a "group" (within the meaning of Rule 13d-5(b) under the Securities Exchange Act of 1934, as amended) or other arrangement formed or to be formed to negotiate or participate in the Transaction.

2. Confidentiality, Use and Disclosure of Confidential Information.

(a) Confidentiality and Use of Confidential Information. The Parties agree that all Confidential Information shall be: (i) used by Recipient and its Representatives solely for the purpose of evaluating and possibly consummating the Transaction and for no other purpose, (ii) kept confidential under the terms and conditions of this Agreement, and (iii) provided by Recipient only to its Representatives to whom disclosure is reasonably needed in order to facilitate the evaluation of the Transaction and possibly consummate the same. All Confidential Information is and shall remain the property of Quicksilver and shall not be used by Recipient or its Representatives for any purpose other than evaluating the Transaction. Before providing access to any Confidential Information to any of its Representatives, Recipient shall inform each such Representative of the provisions of this Agreement and instruct each such Representative to comply with the provisions hereof. Recipient shall be liable for any breaches of this Agreement by any of its Representatives.

(b) Compulsory Disclosure of Confidential Information. In the event that Recipient, or any of its Representatives, are requested or required to disclose any Confidential Information pursuant to any applicable law, judicial, regulatory, administrative civil investigative demand or other governmental body or pursuant to an audit or examination by a regulator, bank examiner or self-regulatory organization, including any stock exchange (by oral questions, interrogatories, requests for information or documents, subpoena, or other similar process), or make any Public Statement (as defined below) and, in the case of Representatives that are accounting firms, the applicable professional standards of the American Institute of Certified Public Accountants, Public Company Accounting Oversight Board or state boards of accountancy or obligations thereunder, Recipient or such Representative shall provide Quicksilver with prompt written notice thereof (if not legally prohibited) so that Quicksilver may (i) seek an appropriate protective order or other remedy protecting the Confidential Information from disclosure (and Recipient and its Representatives shall consult and cooperate with Quicksilver to the fullest extent permitted by law with respect to obtaining such protective order or other remedy), and/or (ii) waive, in its sole discretion, Recipient's and its Representatives' compliance with the provisions of this Agreement; and Recipient shall consult and cooperate with Quicksilver to the fullest extent permitted by law with respect to taking steps to resist or narrow the scope of such request or legal process. If, in the absence of such a protective order or other remedy or waiver, Recipient or its Representatives are, upon the advice of counsel, required to disclose any Confidential Information or make a Public Statement, then Recipient or its Representative may disclose such portion of the Confidential Information as is so required to be disclosed or make such Public Statement without liability under this Agreement so long as Recipient (A) furnishes only that portion of the Confidential Information that Recipient is advised by counsel is legally required, (B) uses commercially reasonable efforts to obtain assurances that such disclosed Confidential Information will be afforded confidential treatment, and (C) provides, to the extent permitted by applicable law, Quicksilver written notice of the information to be disclosed, and in the case of a Public Statement, provide, to extent permitted by applicable law, Quicksilver with the text of such Public Statement, in each case as far in advance of its disclosure or Public Statement as is practicable and permitted by law and consults and cooperates with Quicksilver to the fullest extent permitted by law with respect to taking steps to resist or narrow the scope of such disclosure or Public Statement. Notwithstanding the foregoing, in the event that access to or delivery of any Confidential Information is requested of Recipient or its Representatives by a regulatory authority or governmental agency in connection with routine, ordinary course inspections, examinations or inquiries that are consistent with past practices and that are not targeted specifically towards Quicksilver and its Affiliates, Recipient and its Representatives shall be permitted to disclose the Confidential Information without any notice to Quicksilver.

3. Other Disclosure. Without Quicksilver's prior written consent, or except as required by the Bankruptcy Proceeding, legal process or applicable law (subject to compliance with Section 2(b)), Recipient and its Representatives shall not: (a) make any disclosure to any other Person of (i) the fact that discussions, negotiations or investigations are taking or have taken place concerning the Transaction; (ii) the existence or contents of this Agreement; (iii) the fact that Recipient or its Representatives have requested or received Confidential Information; or (iv) any of the terms, conditions or facts relating to the Transaction, including the status thereof, or (b) subject to Section 2(b), make any public statement concerning the Transaction (any disclosure or statement described in clauses (a) or (b) being a "Public Statement").

4. Quicksilver's right to disclose. Recipient acknowledges that Quicksilver has filed for relief under the Chapter 11 Cases (the "Bankruptcy Proceeding"). The Parties acknowledge and agree that Quicksilver may in its sole discretion disclose (i) the fact that discussions, negotiations or investigations are taking or have taken place concerning the Transaction, (ii) the existence or contents of this Agreement, (iii) the fact that Recipient or its Representatives have requested or received Confidential Information, or (iv) any of the terms, conditions or facts relating to the Transaction, including the status thereof, as part of a filing with the Bankruptcy Court, to any Person involved in discussions with Quicksilver or its Affiliates regarding the possible purchase by such Person of some or all of Quicksilver's assets, or with any of its creditors and their Representatives.

5. Standstill; Non-Solicitation.

(a) Recipient acknowledges that Quicksilver is incurring and will continue to incur substantial costs and expenses in connection with its continued evaluation of whether to pursue the Transaction with Recipient. Recipient agrees that, except as expressly provided in this Agreement, for a period of twenty-four months from the date of this Agreement, unless such action shall have been specifically invited in writing by the Board of Directors of Quicksilver (it being understood that execution of this Agreement by Quicksilver does not constitute such an invitation), neither Recipient nor any of its Representatives on its behalf will in any manner, including but not limited to entering into communications, or discussions, with the record or beneficial stockholders of Quicksilver, to directly or indirectly,

(i) effect or seek, offer or propose (whether publicly or otherwise) to effect or seek, cause or in any way assist any other Person to effect or seek, or offer or propose (whether publicly or otherwise) to effect or seek, or otherwise participate in (i) any acquisition of any outstanding shares of any class of securities (or beneficial ownership thereof) or rights or options to acquire any such securities (or beneficial ownership thereof) or any of the assets, indebtedness or businesses of Quicksilver or any of its Affiliates; (ii) any tender or exchange offer or merger or other business combination involving Quicksilver or any of its Affiliates, or assets of Quicksilver or any of its Affiliates constituting a significant portion of the consolidated assets of Quicksilver and its Affiliates, or (iii) any recapitalization, restructuring, liquidation, dissolution or other extraordinary transaction with respect to Quicksilver or any of its Affiliates,

(ii) make, or become a participant in, any "solicitation" of "proxies" (as such terms are defined in Regulation 14A promulgated by the Securities and Exchange Commission) or consents to vote any voting securities of Quicksilver or any of its Affiliates, or otherwise advise any Person with respect to the voting of any voting securities of Quicksilver or any of its Affiliates,

(iii) form, join, become a member or in any way participate in a "group" (within the meaning of Rule 13d-5(b) under the Securities Exchange Act of 1934, as amended) with respect to the securities of Quicksilver or any of its Affiliates,

(iv) otherwise act, alone or in concert with others, to seek to control or influence the management, Board of Directors, stockholders, or policies of Quicksilver

or any of its Affiliates, or take any action to prevent or challenge any transaction to which Quicksilver or any of its Affiliates is a party,

(v) take any action, or make or permit its Representatives to take any action, which might force Quicksilver or any of its Affiliates to make a public announcement or other public disclosure regarding any of the types of matters set forth in (i), (ii), (iii), or (iv) above, or

(vi) advise, assist, arrange, or otherwise enter into any discussions or arrangements with any third party with respect to any of the foregoing prohibited conduct.

Recipient also agrees during such period not to request Quicksilver (or any of its directors, officers, employees or other representatives), directly or indirectly, to amend or waive any provision of this Section 5 (including this sentence).

(b) Recipient agrees that, without Quicksilver's prior written consent, neither Recipient nor any of its Representatives acting on its behalf will for a period of twenty-four months from the date of this Agreement directly or indirectly (a) divert or attempt to divert any business or customer of Quicksilver or any of its Affiliates other than through normal commercial activities conducted in the ordinary course of business; or (b) solicit any employee at or above the level of officer of Quicksilver or any of its Affiliates (i) for employment by Recipient or by any of its Affiliates, or (ii) to provide consulting or other services to or on behalf of Recipient or any of its Affiliates; *provided, however*, that Recipient shall not be prohibited from employing any such person who responds to a published general solicitation not specifically targeted at such person, in either case without any direct or indirect solicitation by Recipient or any of its Affiliates or Representatives.

(c) Recipient represents that other than as disclosed to Quicksilver in writing, neither Recipient nor any of its Affiliates or Representatives has entered into, directly or indirectly, any agreements or understandings with any Person (other than any of Recipient's Representatives) with respect to a possible Transaction or a transaction involving any assets of Quicksilver. Recipient agrees that without the prior written consent of Quicksilver neither Recipient, its Affiliates nor its Representatives will enter into, directly or indirectly, any discussions, negotiations, agreements or understandings with any Person (other than Quicksilver and their representatives or any of Recipient's Representatives), with respect to a possible Transaction or a transaction involving any assets of Quicksilver.

6. Disclosure; No Representations or Warranties of Quicksilver. Quicksilver shall have the right, in its sole discretion, to determine what information to make available to Recipient. Recipient acknowledges that neither Quicksilver, its domestic subsidiaries nor any of its respective officers, directors, employees, Affiliates, stockholders, agents, representatives or controlling Persons is under any obligation to make any particular information available to Recipient, or to supplement or update any Confidential Information previously furnished. Recipient acknowledges and agrees that: (a) neither Quicksilver nor any of its Representatives have made or is making, and Recipient is not relying on, any representation or warranty, express or implied, as to the accuracy or completeness of any Confidential Information, including without

limitation any projections, estimates, budgets or information relating to the assets, liabilities, results of operations, condition (financial or otherwise), customers, suppliers or employees of Quicksilver, except to the extent set forth in a Definitive Transaction Agreement (as defined below), and (b) Recipient shall be entitled to rely only on those representations and warranties, if any, that may be made in such definitive written agreement relating to the Transaction that is executed and delivered by both Recipient and Quicksilver or their Affiliates (a "Definitive Transaction Agreement"). Neither Quicksilver nor any of its Representatives shall have any liability to Recipient or any of its Representatives on account of the use of any Confidential Information by Recipient or any of its Representatives or any inaccuracy therein or omission therefrom.

7. Return, Destruction or Erasure of Confidential Information. Upon Quicksilver's request, Recipient shall promptly, at Recipient's option, return, destroy or erase all Confidential Information in Recipient's and its Representatives' possession or control (including that stored in any computer, word processor, or similar device) including, without limitation, any copies, summaries, analyses, compilations, reports, extracts or other reproductions, in whole or in part, of such written, electronic or other tangible material or any other materials in written, electronic or other tangible format based on, reflecting or containing Confidential Information prepared by Recipient or its Representatives (and, in the case of destruction or erasure, certify such destruction or erasure to Quicksilver in writing). Notwithstanding the return or destruction of the Confidential Information, Recipient and its Representatives will continue to be bound by all confidentiality obligations hereunder with respect to all such information. Notwithstanding the foregoing, the Recipient and its Representatives (i) may keep such copies of any document requested to be returned, erased or destroyed for bona fide record-keeping purposes, as required by applicable law, as required by the Recipient's and/or its Representatives' internal policies or to the extent such copies are "backed-up" on the Recipient's and its Representatives' computer system, which shall be held subject to the terms of this Agreement for so long as it is retained or, to the extent such period is shorter than the term of this Agreement, until the expiration of this Agreement.

8. Remedies. Recipient acknowledges and agrees that Quicksilver may be damaged irreparably if any provision of this Agreement were not performed in accordance with its specific terms or were otherwise breached. Each Party agrees that money damages may not be a sufficient remedy for a breach or a threatened breach of this Agreement and that each Party shall be entitled to seek specific performance and injunctive or other equitable relief without the posting of a bond or other security as a remedy for any such breach or threatened breach, including injunctive relief and specific performance, in Quicksilver's favor, without proof of actual damages, in addition to all other remedies available at law or in equity. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder. Except as expressly provided herein, nothing herein shall be considered an election of remedies.

9. No Waiver of Privilege. To the extent that any Confidential Information includes materials subject to the attorney work-product doctrine or attorney-client privilege, Quicksilver is not waiving and shall not be deemed to have waived or diminished its attorney work-product protections, attorney-client privileges or similar protections and privileges as a

result of disclosing any Confidential Information (including Confidential Information related to pending or threatened litigation) to Recipient, and the Parties agree that they have a commonality of interest with respect to such matters. All Confidential Information that is entitled to protection under the work-product doctrine, attorney-client privilege or other applicable privilege shall remain entitled to such protection under these privileges, this Agreement and the joint-defense-doctrine.

10. Term. This Agreement shall expire twenty-four months from the Effective Date.

11. Indemnification. Recipient hereby agrees to indemnify, defend and hold harmless Quicksilver, its Affiliates, its and their stockholders, directors, officers, employees, agents, advisors, representatives and controlling Persons (the "Quicksilver Group"), from and against any damages, losses, costs, liabilities and expenses (including, without limitation, attorneys' fees and the cost of enforcing this indemnity) incurred by the Quicksilver Group arising out of or resulting from (a) any unauthorized use or disclosure of Confidential Information by Recipient or any of its Representatives, (b) the use of the Confidential Information by other recipients to whom Recipient has disclosed such Confidential Information, and (c) any breach of this Agreement by Recipient or any of its Representatives.

12. Miscellaneous.

(a) Representations and Warranties of Recipient. Recipient hereby represents and warrants to Quicksilver that (i) it is duly formed and validly existing and in good standing under the laws of its state or jurisdiction of formation, with power and authority to carry on the business in which it is engaged, (ii) the execution and delivery of this Agreement have been duly authorized and approved by all requisite corporate, limited liability company, partnership or similar action, and Recipient has the power and authority to perform its obligations hereunder, (iii) the execution and delivery of this Agreement do not, and Recipient's performance of its obligations contained herein will not, violate any of the provisions of its organizational documents, any applicable laws, or any order by a governmental authority having jurisdiction over Recipient or its property, (iv) this Agreement is valid, binding and enforceable against it in accordance with its terms, subject to bankruptcy, moratorium, insolvency, and other laws generally affecting creditors' rights and general principles of equity (whether applied in a proceeding in a court of law or equity).

(b) Entire Agreement. This Agreement contains the sole and entire agreement between the Parties with respect to the matters set forth herein and supersedes all prior understandings, agreements or representations by or among the Parties, written or oral, to the extent they relate in any way to the subject matter hereof.

(c) No License. The Parties acknowledge and agree that neither Quicksilver nor any of its Representatives grants any license or other property right or interest in, by implication or otherwise, any copyright, patent, trademark, mask work, database or other intellectual or intangible property or proprietary information disclosed, embodied, fixed, comprised or contained in any Confidential Information.

(d) Assignment; Successors. Neither this Agreement nor any of the rights or obligations hereunder shall be assigned by any Party without the prior written consent of the non-assigning Party; *provided, however*, that a Party may assign its rights hereunder, including the right to enforce the terms hereof, to any Person with which it may enter into a definitive agreement to effect the Transaction or any transaction involving any assets of Quicksilver. Any purported assignment without such consent shall be void and unenforceable. This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and each of their respective successors and permitted assigns.

(e) Third Party Beneficiaries. The provisions of this Agreement are intended solely for the benefit of each Party hereto and their respective successors or permitted assigns, and it is not the intention of the Parties to confer third-party beneficiary rights upon any other Person.

(f) Amendment and Waiver. This Agreement may be amended, modified or waived only by a separate written instrument duly signed and delivered by or on behalf of both Parties.

(g) Severability. The invalidity or unenforceability of any provision of this Agreement shall not impair or affect the validity or enforceability of any other provision of this Agreement, unless the enforcement of such other provision in such circumstances would be inequitable.

(h) No Obligation to Complete the Transaction. This Agreement is not intended to, and does not, constitute an agreement or impose any obligation on either Party: (i) to consummate the Transaction; (ii) to conduct or continue discussions or negotiations concerning the Transaction; or (iii) to enter into a Definitive Transaction Agreement. Neither Party nor any of their Representatives shall have any rights or obligations of any kind whatsoever with respect to the Transaction by virtue of this Agreement or any other written or oral expression by the Parties' respective Representatives unless and until a Definitive Transaction Agreement is executed and delivered by both Parties. Quicksilver reserves the right to provide or not to provide Confidential Information to, and to request the return of Confidential Information from, Recipient or its Representatives. Each Party reserves the right (A) to reject any proposals made by the other Party or any of its Representatives; and (B) to terminate discussions or negotiations with the other Party or any of its Representatives, in each case in the rejecting or terminating Party's sole discretion, without notice to the other Party at any time and for any reason or no reason. Neither Party shall have any claim or cause of action against the other Party or any of its Representatives in respect of the foregoing, including claims for reimbursement for any cost, fee or expense (including but not limited to any due diligence expenses or costs) incurred by any Party in connection with pursuing or consummating the Transaction, other than pursuant to a Definitive Transaction Agreement executed and delivered by both Parties. Recipient understands that (a) Quicksilver shall conduct the process for the Transaction as it, in its sole discretion, shall determine (including without limitation negotiating with one or more prospective buyers and entering into definitive agreements with another party without prior notice to Recipient or any other Person) and (b) any procedures relating to the Transaction may be changed at any time without notice to Recipient or any other Person.

(i) Notices. Unless otherwise specified herein, all notices permitted or required hereunder shall be in writing and delivered personally or sent by overnight express mail or courier or sent by facsimile to the other Party at the address or facsimile number below (or at such other address or facsimile number as a party shall designate in writing to the other Party in the manner specified herein) and shall be effective at the earlier of the date received or, if by facsimile, upon sender's receipt of electronic confirmation of receipt if within normal business hours at the place notice was sent or, if thereafter, on the following business day.

If intended for Quicksilver:

Quicksilver Resources Inc.
801 Cherry Street, Suite 3700, Unit 19
Fort Worth, Texas 76102
Attn: Vanessa Gomez
E-mail: vgomez@qrinc.com

with a copy (which shall not constitute notice) to:

Akin Gump Strauss Hauer & Feld LLP
1700 Pacific Avenue, Suite 4100
Dallas, Texas 75201
Attn: Sarah Link Schultz
E-mail: sschultz@akingump.com

and

Akin Gump Strauss Hauer & Feld LLP
One Bryant Park, Bank of America Tower
New York, New York 10036
Attn: Stephen B. Kuhn
E-mail: skuhn@akingump.com

If intended for Recipient:

[Name]

[]

[]

[]

Attention: [Contact Name]

Facsimile: [(xxx) xxx-xxxx]

(i) Governing Law; Forum; Waiver of Jury Trial. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas without regard to the principles of conflicts of laws in any jurisdiction. The Bankruptcy Court shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide any claims or disputes which may arise or result from, or be connected with, this Agreement, any breach or

default hereunder, or the transactions contemplated hereby. Any and all claims relating to the foregoing shall be filed and maintained only in the Bankruptcy Court, and the Parties hereby consent and submit to the exclusive jurisdiction and venue of the Bankruptcy Court and irrevocably waive the defense of an inconvenient forum to the maintenance of any such action or legal proceeding; *provided, however*, that, if the Chapter 11 Cases are closed, all actions and legal proceedings arising out of or relating to this Agreement shall be heard and determined in a Texas state court or a federal court sitting in Fort Worth, Texas, and the Parties hereby irrevocably submit to the exclusive jurisdiction and venue of such courts in any such Action or Proceeding and irrevocably waive the defense of an inconvenient forum to the maintenance of any such action or legal proceeding. EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION RELATING TO THIS AGREEMENT. In the event of any legal proceeding arising from this Agreement, the reasonable costs and attorneys' fees to the prevailing Party shall be reimbursed by the non-prevailing Party as determined by a final, non-appealable decision/order of a court having competent jurisdiction.

(k) Counterparts. This Agreement may be signed in any number of counterparts (including by fax and PDF) with the same effect as if the signatures to each counterpart were upon a single instrument, and all such counterparts together shall be deemed an original of this Agreement. This Agreement shall become effective when, and only when, each Party hereto shall have received a counterpart hereof signed by the other Party hereto.

(l) Data Room. It is understood that the terms of access by Recipient or its Representatives to Confidential Information contained in any data room or website provided or arranged by Quicksilver or on Quicksilver's behalf in connection with the Transaction shall be superseded by the understandings and agreements contained herein.

IN WITNESS WHEREOF, the Parties have executed this Agreement to be effective as of the Effective Date.

[Recipient]

By: _____
Name:
Title:

QUICKSILVER RESOURCES INC.

By: _____
Name:
Title:

